UTAH TECHNOLOGY REPORT

S P O R T S

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The authors would like to acknowledge the following for their cooperation and assistance in this report:

The Utah Sports Commission

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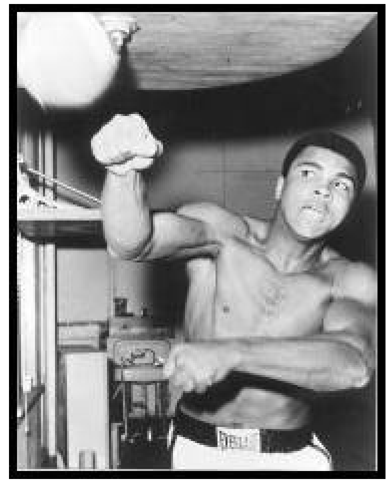


"Champions aren't made in gyms. Champions are made from something they have deep inside them: A desire, a dream, a vision. They have to have last-minute stamina, they have to be a little faster, they have to have the skill and the will. But the will must be stronger than the skill."

Muhammad Ali

INTRODUCTION

A $275 billion per year industry has developed around the talents of champions like Muhammad Ali. The amazing performances of athletes reaching back hundreds of years ago have evolved into an industry that now incorporates much more than professional and amateur competition. The sports industry has grown to include several segments including sports apparel, sports equipment manufacturing, facility/venue construction, sports marketing, multi media coverage, etc. This report provides a foundation for understanding the industry players and workings of the sports industry as a whole. It also serves as the groundwork for examining the strengths, weaknesses, and opportunities Utah possesses within the many elements of the sports industry.

In order to aid Governor Leavitt and the Utah Silicon Valley Alliance in accelerating Utah's emergence as a "State of Sport", this document was written to achieve the following three objectives:

- Characterize the sports industry.
- Make recommendations based on industry observations that will assist Utah in becoming a "State of Sport" (as articulated by the Utah Sports Commission).
- Profile Utah's strength in several sports and identify opportunities for increased economic, image, and quality of life impacts for each sport.

RESEARCH METHODS

In conducting our research, we relied on three major areas of research:

- We created an electronic survey using the services provided by www.surveypro.com that was completed by 20+ Utahns who are state/regional representatives or are actively involved in their respective sport. This survey asked for information in regards to: membership size, existing facilities, past event hosting experience, potential events that could be hosted in Utah, and familiarity with the Utah Sports Commission. In addition, 25+ phone interviews were conducted with the directors of various sports organizations in the state—a majority of which did not respond to the electronic survey.

- Electronic surveys inquiring about sporting events that could potentially be held in Utah were sent to directors and event managers of National Governing Bodies and National Organizations for approximately 35+ sports. We received responses either via email or phone interviews from personnel in 10 different sports.

- We relied extensively on secondary research. This research was almost exclusively conducted on the Internet. Information regarding industry segments, various sport organizations, financials (for public firms), and contact information was collected using this method.

Given Utah's strengths, currently allocated resources, and role as host of the largest winter sporting event in the world—the 2002 Winter Olympics, we have concluded that the sports industry—particularly attracting large amateur sporting events to the state—offers enormous growth potential and should be considered a high priority for the State of Utah.

OBSERVATIONS AND RECOMMENDATIONS

OBSERVATION #1:

The Sporting News 2000-2001 annual ranking of "The Best Sports City," ranked Salt Lake City 19th out of 375 cities. Criteria used to establish this ranking included fan enthusiasm, attendance records, win/loss records, and public knowledge of sports. Salt Lake City's exceptionally high rating, and the underlying criteria used in establishing the rankings, indicate that Utah has several existing strengths and is already well positioned to be a leader in the sports industry.

Recommendation- ***Utah should focus on growing the Utah sports industry.***
A two-pronged approach should be pursued to assist growth in the sports industry:
1) Attract high profile amateur sporting events that provide substantial economic impact and/or media exposure to the state/host city for the event. 2) Encourage (via an

aggressive marketing campaign, tax breaks, etc.) leading organizations throughout the industry to relocate their headquarters to Utah.

OBSERVATION #2:

Estimates of the sports market size depend on how the market is defined and vary from source to source. The actual size of the industry is debatable, undoubtedly due in part to the vast range of segments that can be included within the industry. Although various estimates of the size of segments within the industry exist, the size of the overall sports industry *in its entirety* has never been calculated. Estimates do exist however, ranging from $200 to $300 billion. Street and Smith's Sport Business Journal, estimates the U.S. sports industry to be the 11th largest industry in the nation, generating an estimated $324 billion in economic impact annually. Street & Smith's Sports Business Journal also developed the most recognized estimate of the size of the sports market in December 1999 estimating the annual U.S. sports industry at $213.5 billion. The Indiana Sports Commission (ISC) estimates that sporting events have pumped approximately $3 billion into their local and state economy.

Recommendation- ***Calculate the size of the sports industry in Utah.***
In the past, revenue generated by the sports industry, specifically sporting events, has been accounted for under tourism. Quantifying the sports industry within the state will be beneficial in accurately allocating resources and predicting future revenue. The sports profile section of this report provides an example of the type of survey that could be used to begin compiling this information.

OBSERVATION #3:

Economic impact in sporting events measures the incremental dollars produced by the event. It can be defined as the gross change of money originating from outside the region and the money that stays in the local economy, increased by a multiplier—representing the circulation of money within the economy. Economic impact represents the incremental spending above and beyond what would be expected in the region if the event were not held. Economic impact attributable to a sporting event should include only *new* cash flow injected into an economy by visitors and other external businesses such as media, banks, and investors from outside the community.[1] These are the dollars left behind by those who came to the city because of the event. Visitor spending does not include spending by residents. Spending at an event by local residents is not included because these dollars would have been redirected or spent locally somewhere else in the economy. The general formula used to calculate economic impact was obtained from the National Association of Sports Commissions, and is outlined below:

$$(OutOfTownVisitors)\times(AvgDailySpending)\times(LengthOfStay)\times(EconomicMultiplier)$$

Please note that economic impact is a gross figure, not net.

Economic reasons are often stressed when considering public financing of professional sports stadiums. While professional sports teams and facilities are not a source of local economic growth and employment, they do offer indirect economic impact and image building for a community. Economist Mark S. Rosentraub hypothesizes that the economic impact of professional sports teams is miniscule compared with the opportunity cost of funding these stadiums. In addition, professional sports never make up more than one half of one percent of all jobs in any community in which they exist. Nor do they account for two-thirds of one percent of the total payroll of any community in which they exist. In addition, most spectators that attend professional sporting events are local residents; consequently, "new money" is not injected into the economy.

Recommendations-

1) Utah should focus on attracting large amateur sporting events to the state.
Despite lack of "new money" and expenses associated with professional sports, they do provide several non-monetary benefits to the community including extensive media exposure, a sense of community/state pride, and promotion of sport participation and should be supported based on that premise. However, Utah can obtain the highest economic impact and additional benefits by attracting and hosting amateur sporting events. Information gathered from the National Governing Bodies of Sport indicates that a single amateur sporting event has the potential to provide national and/or worldwide media exposure and produce upwards of $25 million in economic impact.

2) Compile a list of amateur sporting events that could potentially be hosted in Utah.
Included within this list should be information about the projected gross and net economic impact of each event. Such a list would serve as an invaluable guide in determining the most beneficial way the Utah Sports Commission should allocate its time and funding.

OBSERVATION #4:

Sporting goods is one of the largest segments within the sports industry. According to the National Sporting Goods Association (NSGA), the 1999 sporting goods market was over $45.8 billion.
The 1999 market was distributed as follows:

- Equipment: $19.21 billion
- Footwear: $13.21 billion
- Clothing: $13.39 billion

The Sporting Goods Manufacturing Association (SGMA) maintains that the six largest categories of sports equipment in 2000 are exercise and sports equipment, golf, firearms/hunting, camping, and team institutional.

Recommendation- ***Attract leading sporting goods companies to Utah.***
Attracting top companies to relocate their headquarters to Utah will monetarily benefit the state, assist with employment, contribute to Utah's sports Mecca image, and facilitate

clustering among the various segments within the sports industry. Marketing Utah's growing, educated work force, its sport-friendly environment and natural beauty, as well as providing tax incentives will be imperative to attracting such companies. Manufacturers and sporting goods retailers should be encouraged to partner with Utah and capitalize on the state's recreation, "outdoor paradise" image.

OBSERVATION #5:

Sports, perhaps more than any other aspect of American life, has been changed by television. TV has made sports a multibillion-dollar industry. It is difficult to separate where television starts and sports stops. They are so interdependent upon each other. The networks need high-visibility programming to stay alive; the sports leagues provide it. The leagues, in turn, need the exposure the networks provide and the billions of dollars they pay for coverage rights. The exposure of sport through the media and television in particular "has influenced the awareness of sport, the popularity of sport, and the participation in sport." The four largest media giants – AOL Time Warner, Viacom, Walt Disney, and News Corp, largely control sports coverage.

Recommendation- ***Utah should highly consider the amount of media coverage associated with potential events.***
In evaluating potential events to bring to Utah, media coverage should be a key determining criteria. The positive influence of media coverage is irrefutable. However, it is important to keep in mind that it is not an integral part in improving the quality of life of Utah residents. An appropriate balance between events with extensive media coverage and events lacking media coverage that improve the quality of life must be maintained.

OBSERVATION #6:

The Utah Sports Commission (USC) is designed to serve as the central body for all sporting activity in the state of Utah. The USC mission is to enhance Utah's economy, image, and quality of life through the attraction, promotion, and development of national and international sports.

The goals of the Utah Sports Commission are:

1. Attract, host, and support sporting events and organizations throughout the State.
2. Enhance Utah's domestic and international image through the promotion and development of a vibrant sports industry.
3. Encourage and facilitate the development of sports education, facilities and opportunities for Utah youth and competitive athletes[2]

In addition to the Utah Sports Commission, the Utah Athletic Foundation and the state Convention and Visitors Bureau's & Chambers of Commerce also operate in and influence various portions of the sporting industry.

Recommendation- ***Citizens and sport entities in the state of Utah should look to and rally around one central body of sport.***
This report supports the Utah Sports Commission's intent to serve as an umbrella organization for Utah and to be the primary local contact for amateur sporting events and sports conventions. Many organizations within the state have expertise in various arenas of sports, facility contracting, etc.; however, to avoid confusion and miscommunication, one body should serve as the recognized liaison between Utah organizations and National Governing Bodies of sport or other large sport organizations.

OBSERVATION #7:

The Indiana Sports Corporation considers its volunteer base its premiere competitive advantage. This is due to the requirement by high-profile amateur sporting events that the host city supply a significant number of experienced volunteers. SLOC currently has a large database that holds the contact information for all the volunteers involved in the 2002 Winter Olympic Games.

Recommendation- ***Build a Volunteer Database.***
Utah should support the Utah Sports Commission's objective to build and maintain a living database of all the volunteers that are associated with sports. Identifying volunteers immediately will expedite the process of local sport organizations submitting bids to host amateur sporting events. This database should be made available to the public so that any event organizer can use it as a resource to both bid on and run events. If legal provisions allow, the SLOC volunteer database could be used as a foundation.

OBSERVATION #8:

Eighty percent of 50+ local sport organizations indicated they were unaware of the Utah Sports Commission (USC). Consequently, the current marketing efforts of the Utah Sports Commission should be considered vital. *Note*: A primary contributor to the unfamiliarity with the USC is that the organization was created just over a year ago and is still in its infancy.

Recommendation- ***Expose the USC to local sporting organizations.***
In addition to the USC's marketing efforts already in process, efforts to include as many local sporting organizations as is feasible in the Governor's sport summit should be pursued. This is primarily due to the significant role that the local organizations play in soliciting and hosting major amateur sporting events. If this is not feasible, the USC should actively identify and market itself to leaders in the sports community.

OBSERVATION #9:

The Utah Sports Commission has been legislated funding to be utilized for the development of sport in Utah. The USC is currently working to develop specific criteria in regards to the allocation of the fund. At this point the criteria are based around the following four points:

- The fund should be used to assist events that would not occur and be awarded to another state if the fund was not used to provide the additional necessary financing. This includes use for event attraction, event retention, and event reactivation.
- The fund should be utilized for events that provide significant economic impact.
- The fund should provide Utah with significant image building opportunities.
- The fund should be used to provide events that have a significant impact or support in a given local area.[3]

Recommendation- ***Distribute Information of Utah Sports Commission Resources.*** At an appropriate time, information regarding the Utah Sports Commission's sport development fund should be made public. Currently the USC is developing the criteria to be used to evaluate what organizations/events must satisfy in order to receive funding in anticipation of making it public knowledge. This will allow individual organizations in need of financial assistance to be aware of how to become eligible to receive it. Publishing the criteria used by the USC in allocating funds will also mitigate potential allegations of unfair appropriation of funds.

OBSERVATION #10:

Sport reduces health care costs and saves employers money. For every mile a person walks or runs they will save society 24 cents per mile in medical and other costs. Employees who adhere to a fitness program are more productive, absent less often and are less likely to have an accident. Firms that help provide their employees with fitness and health programs experience decreased employee turnover. Youth that enjoy full and active lives are much less likely to turn to self-destructive behavior such as drug abuse and suicide.

Recommendation-*Utah should continue to support various forms of athletic participation.*
Utah should look to find additional ways to get both youth and adults involved in sports activities. This may incorporate financial assistance in developing sports programs. It also may include exploring the possibility of offering incentives to employers who encourage increased employee fitness and sports participation.

SPORTS PROFILES

In addition to the industry overview, this report also includes detailed profiles of several sports. Each sport has been evaluated according to the strength of its Utah organization(s), the size of the specific sporting community, its volunteer base, Utah's prior experience hosting events in this sport, and whether or not facilities currently exist that are capable of hosting high profile/large events. Although the sport profiles included are by no means an exhaustive list, they do provide a good starting point for understanding and evaluating sports within Utah.

The projected benefits of events within each sport were also evaluated and classified into three categories: 1) economic impact, 2) image impact, and 3) quality of life impact. Sport specific information was obtained from the NGB or National Association Offices as well as from directors, active participants, and/or coaches of Utah organizations.

Each sport evaluated in this paper has been categorized into one of four recommendation sections described below.

RECOMMENDATION

Sports classified under the green recommendation section should be considered a top priority. To receive this classification, they must meet the following criteria:

- Strong Utah organization
- Economic Impact potential of over $5 million
- Past experience hosting regional, sectional, national or international events
- Existing facilities are capable of hosting a regional or national sized event
- Substantial community support providing the necessary volunteer base

Utah should take full advantage of the bidding opportunities within these sports by providing financial assistance, aiding the bidding process where needed, facilitating sponsorships, etc.

RECOMMENDATION

Sports classified as an orange recommendation should be considered second tier. They have potential to offer numerous economic, image, and quality of life benefits, but do not satisfy all of the criteria listed in the green section above. Several of these sports lack the necessary facilities or have no prior experience hosting larger scale events.

RECOMMENDATION

Sports classified as a purple recommendation are those in which Utah has gained experience and competitive advantages primarily due to the 2002 Winter Olympic Games. Existing venues and an experienced volunteer base are marketable strengths that can be used to attract more events post Olympics. In addition, these sports offer significant image building opportunities for Utah as many of them receive substantial television coverage throughout Europe. The downfall of these sports lies in their limited economic impact when compared to sports in the green section. Many of them are individual, as opposed to team sports, and consequently do not inject extensive amounts of “new money” into the economy. However, they should be supported on the premise that they will significantly contribute to building Utah’s image as well as making good use of tax payer money that was allotted for building these capital intensive venues.

RECOMMENDATION

Sports classified as a yellow recommendation are those whose strength exists in their ability to improve the quality of life for participants. A majority of sports in this category are inexpensive to participate in and offer individuals of a lower socio-economic status as well as others the many benefits of sport participation.

Baseball, Basketball, Softball, and certain Motor Sports

Baseball, basketball, softball, and motor sports (i.e., events held at Rocky Mountain Raceways) are not profiled in the following section. This is due to the fact that despite several attempts by phone and email, the National Governing Bodies and/or National Associations and the Utah organizations were unavailable for comment. In regards to these sports it is important to note that USA Baseball (NGB) is looking to relocate their headquarters. As a result of their relocation they will be looking for a new host city for one of their largest national amateur baseball tournaments. Regarding softball and basketball, preliminary information has indicated that in the past Utah has hosted numerous Junior National Championships in softball and several National AAU basketball tournaments. Attracting sporting events in these sports would prove very valuable to the state since large amateur tournaments would bring several out-of-state participants and assist in enhancing Utah’s sports image.

SPORT SUMMARIES AND RECOMMENDATIONS

A brief summary of the findings in each sport and an explanation of why sports were classified in their various recommendation sections are provided below.

RECOMMENDATION

Bowling

The ABC Bowling Championships held in Salt Lake City in 1996 had an estimated economic impact of $41 million. In 2000 bowling was considered on of the top two national recreational past times. Utah has an extensive bowling community. There are 7,000 members in the SLC Women's Bowling Association alone. Additionally, Utah has the proper bowling lanes needed for a national women's tournament and the exhibition hall necessary to hold a national men's tournament. The SLCVB recently bid on the 2005 ABC Championships and the WIBC Annual Meeting but was not selected as the host city. This was due in part to the fact that Utah hosted the event just five years ago.

Events such as the ABC Championships require a significant bid fee, but the significant potential economic impact and exposing numerous out-of-state participants to Utah far outweigh the initial investment.

Cycling

In terms of economic impact, cycling makes a tremendous mark on the state's economy. Chuck Collins, Program Director for the Utah Athletic Foundation (UAF) and USA Cycling board member, estimates that Utah's "outdoor paradise" attracts an average of 100,000 out of state and foreign cyclists every year. These recreational cyclists produce an **annual** economic impact estimated at over $50 million. Yet, this source of revenue is constantly jeopardized. Numerous highways and key access roads do not provide a bicycle lane. In some cases, especially on highways, cyclists are separated from vehicles traveling at over 50 mph by less than a foot. If the traveling conditions of Utah's roads and highways are perceived as dangerous, many cyclists may opt to visit other areas or refrain from cycling altogether.

Recreational cycling provides a substantial amount of annual revenue to the State. Utah should work with U.dot and other necessary entities to explore avenues in which safer cycling conditions can be created on our roads and highways.

Fencing
In Utah, there are over 200 competitive fencers and 5 clubs along the Wasatch front. In the past, Utah has hosted numerous high-profile fencing events including the U.S. Junior Olympics with an estimated economic impact of $8.7 million and the U.S. Fencing North American Cup (Divisions II/III/Junior) with an estimated economic impact near $5.3 million.

Given Utah's experience in hosting high profile fencing events and the potential economic and image impacts produced by those events, Utah should consider fencing a top priority and support it accordingly.

Figure Skating
Utah will forever make its mark on the Figure Skating community when it hosts the 2002 Winter Olympic Games. Top figure skating competitors will compete at the Salt Lake Ice Center in front of millions of worldwide viewers. In addition to national exposure, the Olympics will provide a substantial, experienced volunteer base.

In addition to the Olympics, Utah has hosted the U.S. Figure Skating Championships three times—1984, 1990, and 1999. The top figure skating events offer economic impact ranging from $3-$23 million and prime time television coverage.

Given Utah's competencies and the potential economic and image impacts all efforts to facilitate the hosting of such an event should be pursued.

Gymnastics
Utah's gymnastics community is second to none. The 2001 University of Utah Gymnastics team performed before and average of 9,594 spectator at their home meets, second only to Georgia, who averaged 9,853. The NCAA Gymnastics finals held in the Huntsman Center were the most attended finals in NCAA Gymnastics history—setting a national record and playing a significant role in the repeated selection of the University of Utah as host for the event. Utah's experience hosting national gymnastics events also includes the 1988 Olympic Trials.

In the late 1990's St. Louis hosted the U.S. Gymnastics Championships and had an estimated economic impact of $7 million. This year's championships in Philadelphia were tape delayed and broadcast during prime time on NBC.

Utah should capitalize on its strong gymnastics community and work to secure hosting rights for top national and even international gymnastics events.

Hockey

Hockey should be one of Utah's highest sport priorities. The 2002 Winter Olympics will offer Utah invaluable experience hosting hockey competitions at the highest level. Trained Olympic volunteers are a unique competitive advantage that can be capitalized on when considering the necessary volunteer base for hosting future events.

Utah has a well-established hockey community that has developed around its IHL team—the Utah Grizzlies. The Grizzlies draw an average of 8,000 spectators per game. Additionally, Utah already has the necessary facilities to host future regional, national and international events.

Efforts to secure hosting rights for regional and national hockey events should be strongly pursued.

Rugby

Highland Rugby, based out of SLC—has won 13 of the last 16 High School National Rugby Championships. In 1998, the first ever World Schools Rugby Championship Tournament was held in Harare, Zimbabwe, Africa. Highland was one of 12 high school teams from around the world and the *only* representative from the Western Hemisphere. The tournament was seen on television in Europe, Africa, Australia, New Zealand, and the islands of the Pacific.

In 1999 Utah hosted the High School National Rugby Championships and in April 2001, Highland Rugby hosted the Duke of York School from England. Over the past few years, Highland has hosted many U.S. school teams and international teams from Canada, Great Britain, Japan, and the South Pacific.

Given Highland's successful past performances, worldwide exposure, and experience hosting a national championship, Utah should actively pursue additional hosting opportunities within the sport.

Skiing and Snowboarding

Utah's unprecedented reputation for world class skiing infused close to **$ 1 billion** into Utah's economy during the 1999-2000 season. Our extensive experience hosting national and international class events dates back to the downhill racing NCAA Championships in 1957. The television, media, and word of mouth exposure of world class skiing and snowboarding competitions hosted in Utah have not only brought the top athletes onto our resorts, but have also attracted thousands of destination skiers, snowboarders, and other tourists to the state.

Skiing and Snowboarding should be considered a top priority. Utah should strongly pursue opportunities for hosting additional events and support efforts to increase the number of visiting recreational skiers.

Soccer
United States Soccer Association has 55 state member associations divided into four regions. Utah has more members per capita then any other state association. The soccer community as a whole in Utah is approximately 53, 000 members strong. In the last five years Utah has hosted three major soccer events with a combined economic impact of over $56 million.

Utah served as the host for the ‘97 and ‘02 regional events held at the West Jordan Soccer Complex. These events have more participants and a higher economic impact than the National Championships. Rick Messenger, President of Utah Youth Soccer Association, is working to convince the Regional Committee to bring the event to Utah regularly every 3-4 years.

Recurring regional events would offer a consistent flow of "new money" into the state by the soccer community and all efforts to further Mr. Messengers objective should be pursued.

Tennis
Utah already has an extensive history hosting regional and national amateur tennis events. Over the last decade the Utah Tennis Association has repeatedly hosted over a half dozen of the top amateur tournaments. Currently, Utah has the necessary tennis courts to accommodate the top amateur competitions as well as the trained personnel and volunteer base needed to host such events.

Utah should fully support the Utah Tennis Association and their efforts to secure hosting rights for various regional or national events.

Track and Field
The Utah Chapter of the USA Track and Field Association (USATF) is one of the strongest in the nation in terms of total membership (1,300-1,500 members) and total number of programs offered to members. Utah's experience hosting national events includes the 1998 Youth National Track and Field Championships and the 1996 Youth Athletics National Championships. USA Track and Field is currently considering SLC for its 2006 Annual Meeting. National T&F events have an economic impact ranging from $1.5-$19 million and expose thousands of people to the state of Utah.

Efforts to secure hosting rights for national Track &Field event should be pursued.

Triathlon
This year Utah is hosting the Ironman Triathlon. With an estimated economic impact of $18-$20 million, it is one of the largest sporting events held in Utah, excluding the 2002 Winter Olympics. The Ironman event exposes thousands of athletes, spectators, etc. to Utah's outdoor paradise. Unfortunately, Chris Cowerbank, USA Triathlon

Representative for the State of Utah, indicated that the Ironman event received very limited media exposure jeopardizing hosting opportunities for this event and others in the future.

Efforts should focus on retaining the Ironman event and facilitating Utah's hosting opportunities for other high-profile triathlon events in the future.

Volleyball

In the U.S., volleyball ranks behind only soccer among participation sports. The Intermountain Volleyball Association (IVA) headquartered in Salt Lake City recently hosted the Junior Olympic Championships. This event gave Utah critical experience in running a national size tournament and produced over $26 million in economic impact. USA Volleyball was extremely impressed with IVA's competency in hosting the event and consequently has selected Utah as the site for four national events in 2002-2003 with a combined economic impact of over $63 million.

Utah should strongly support IVA in meeting their current event requirements and the requirements for future bids.

Wrestling

Wrestling offers a wide array of potential events that could be hosted in Utah. Steve Sanders, National Team Director with USA Wrestling, resident of Heber, Utah, indicated that he has already been approached numerous times about hosting various age level and Olympic style events ranging from one to seven days. USA Wrestling was unavailable to provide further information in regards to these events.

Utah's past experience with high-profile wrestling events includes the Western Kids Regional held at the Golden Spike Arena. This event involved approximately 3,600 participants and produced and estimated economic impact of $8.4 million.

Preliminary data would indicate that wrestling should be considered a top priority sport. This is due to the previously expressed interest in Utah as a host for future wrestling events and the substantial economic and image impacts that were produced by the Western Kids Regional.

RECOMMENDATION

Adventure Racing

Adventure racing is experiencing rapid growth rates primarily due to the extensive support and television coverage by the Discovery Channel. Utah's outdoor environment could potentially be a prime environment for competitions in this sport. Utah currently holds two Adventure Races: the Wasatch Adventure and the Salomon X. Troy Ferrar, President of U.S. Adventure Racing, was very interested in looking at Utah as a host city.

David Niland, Owner and President of Bridgewood Outdoors—a sports equipment retailer—is currently working with Troy Ferrar in organizing an outdoor summer sports Consortium to be held for the first time in the summer of 2002 in Golden, Colorado. The event is proposed to include the National Rafting and Kayaking Championships, National Adventure Racing Championships, a mountain biking series race, and sport climbing events.

Although many aspects of Adventure Racing are still in the developmental stages, Troy Ferrar and David Niland's expressed particular interest in Utah. Due to the expressed interest in Utah and the potential opportunities within the sport, Adventure Racing should be strongly pursued.

Swimming

Swimming is one of the Nations highest ranked sports in terms of participation. Utah's own swimming community is over 5,000 members strong. The Cottonwood Heights Recreation Center and the new Kearns Oquirrh Park are two venues with the capacity to host a national size event.

Recently, the Utah Swimming Association bid for the 2001 Western Zone Championships—an event with over 1,000 athletes and a projected economic impact of $3.2 million. Utah lost the bid to Hawaii. According to Rob Pannier, President of the Utah Swimming Association, Hawaii's tourist appeal was the only obstacle preventing Utah from gaining the bid. Since the event is held in different locations, Utah is a front-runner for hosting the event in upcoming years. Mr. Pannier indicated that the Utah Swimming Association would need some additional support in the bidding process as well as with preparation prior to hosting the event.

Given the existing venues and Utah's strong position in bidding for future Western Zone Championship events, efforts to support swimming is advised.

Taekwondo

Taekwondo is the most recognized Korean Martial Art. There are 1.2 million people who have or are currently participating in Taekwondo. The Jr. Olympic Taekwondo Championship is the largest event of its kind in the world. In addition, the United States Taekwondo Union would like to see it relocate to the West. This event brings 25,000 participants and spectators to the host city at an estimated economic impact of near $55 million. The Tooele Valley Taekwondo School is currently working with the USTU bid committee and needs some help completing the bid packet.

Utah has limited experience hosting large Taekwondo events, but the potential economic and image impacts associated with a Taekwondo Championship and various other competitions are extremely high. Therefore, Utah should strongly pursue such events.

Team Handball

Brett Bouda, President of Salt Lake City Team Handball Club, is working to establish Salt Lake City as the nation's Team Handball Headquarters. Mr. Bouda and Dell Nichols, owner of the Blitzz professional soccer team, are currently working to construct a state-of-the art indoor soccer and team handball facility.

As the Team Handball Headquarters, SLC would serve as the residence and training center of the U.S. National Team and be the premiere location for high profile national and international competitions. These competitions receive some television coverage in Europe and have and estimated economic impact between $20,000 and $4 million.

Utah should support the sport of team handball on the premise that significant economic and image impacts could stem from Mr. Bouda's continued efforts.

Water Polo

Utah annually hosts the Kearns Oquirrh Park Invitational, a nationally recognized tournament. The Utah Water Polo Coaches and Officials Association has considered designing a Utah invitational tournament with California teams who have expressed an interest in competing here and skiing afterwards. The USA Water Polo Association was unavailable to answer questions and therefore further information on the economic and image impacts of national events is unknown.

Preliminary information indicates Water Polo's potential to offer numerous benefits to Utah. Further investigation is warranted.

Water Skiing and Wakeboarding

Wakeboarding is the fastest-growing water-sport in the world, increasing over 100% in participation over the past three years. In Utah water skiing and wakeboarding are extremely popular both recreationally and competitively. The Utah Water Ski Club currently has a five-year waiting list for prospective members. Utah has one competition ski lake in Tooele. However, it lacks a grassy area for spectators and is located relatively far from the downtown area.

Utah Water Ski Club has recently obtained substantial funding to build a first class water ski park in American Fork. As of late July, however, they had run into a great deal of "political red tape" that had completely halted the park from construction. If a man-made water ski lake was constructed to meet the necessary requirements, it could host national competitions in water skiing and wakeboarding, the ESPN Summer X Games, and also be used by recreational skiers and wakeboarders.

The National Water Ski and Wakeboarding Championships are televised and involve between 10,000-15,000 spectators. The ESPN Summer Games receive 25 hours of television coverage and have an estimated economic impact of $40 million. Supporting the growth of these two sports in Utah could yield significant economic and image impacts.

RECOMMENDATION

Curling

As a team sport, curling has the potential to host events with a higher number of participants and spectators resulting in a higher economic impact than other individual Winter Olympic sports. Ogden Curling club has been asked by the U.S. Curling Association to bid on the 2004 and 2005 Championships. However, curling is the only sport that did not receive a dedicated facility for the Olympics and facility constraints may preclude Utah from hosting future championship events. If Utah is unable to host regional and national sized curling events after the Olympics, the potential economic and image building benefits offered by the sport would be extremely limited.

Given the necessary facilities, Utah should support the solicitation of future curling events on the premise that those events would produce moderate economic and image impacts.

Luge, Bobsled, and Skeleton

Preparation for the 2002 Winter Olympics has provided Utah with several competencies in the sports of luge, bobsled, and skeleton. The Utah Olympic Park is a world-class facility and one of only two luge tracks in the United States. Hosting the Winter Olympics will allow Utah to acquire an experienced volunteer base that can be employed in future events. Future luge, bobsled, and skeleton events will primarily contribute to worldwide image exposure. These sports are extremely popular in Europe and competitions hosted locally could be broadcast to millions of viewers overseas.

Utah should support the sports of luge, bobsled, and, skeleton on the premise that events in these sports will offer Utah valuable media exposure to worldwide viewers as well as establish Utah as the premier location for winter sports.

Speed Skating

Utah's speed skating community has dramatically increased since Salt Lake City was awarded the 2002 Winter Olympic Games. The Utah Olympic Oval is the highest altitude Oval in the world. During the World Championships last year, five of the world's top ten speed skating records were broken in this facility. Consequently, athletes from around the world are interested in training at this venue.

Hosting the speed skating World Cup and World Championships in Utah will only provide moderate economic impact due to the limited number of out-of-state participants and spectators. Benefits do exist, however, in the potential for national and international television exposure from hosting the World Cup and World Championships.

Speed Skating should be supported on the premise that it will produce a substantial image impact and help establish Utah as the premiere location for winter sports.

RECOMMENDATION

Diving

Utah currently does not have the proper facility and equipment required for hosting a national diving event. Even if efforts were made to upgrade Kearns Oquirrh Park's diving facilities, diving lacks significant potential economic impact when compared to larger team sports. National diving championships include 200-300 athletes. This is miniscule when compared to the 7,500 athletes for volleyball Junior Olympic Championships and 5,000 athletes for the Region IV Soccer Championships. In addition, four of the five events recommended by the NGB did not receive any television coverage.

Diving should be supported on the basis that it improves the quality of life of its participants.

Golf

The Utah Golf Association President made the following comments…

> "There are very few benefits from hosting major golf tournaments in Utah. More money goes out of the community in prize money than comes into it. Very few Utahns attend the tournaments and they attract almost zero tourists. There will really be no great benefit until the event is significant enough to

warrant national television coverage. That would only happen with the U. S Open and that isn't likely to happen in Utah in the next 25 years."

In addition, Utah currently hosts Junior National Qualifying events, but they include a minimal amount of out-of-state golfers. The Junior Championships are held in San Diego every year with virtually no potential to be hosted in Utah.

The State of Utah should support the sport of golf exclusively on the basis of improving the quality of life of its participants.

Racquetball

The Utah Racquetball Association (URA) currently has 400 members utilizing courts throughout the Valley. Utah hosted the Junior National Racquetball Championships over ten years ago. However, the current director of the Utah association indicated that there was no one on the local level interested in hosting a regional or national event at this time.

At this time, due to the URA's disinterest in hosting a regional or national event, racquetball should be supported on the basis that it improves the quality of life of its participants.

Rowing and Sculling

The Great Salt Lake currently serves as a world-class venue for rowing, sculling and crewing. The high salt density deters a lot of other water traffic such as motor boats, skiers, fishermen etc. from using the lake. There are also no major currents or bridges that rowers are forced to maneuver through. Unfortunately, the ramps and docks of the Great Salt Lake would need significant repairs before being able to host a regional or national tournament. Currently, there are no rowing referees in Utah, and Salt Lake Rowing and Sculling has indicated that their volunteers do not have the time or resources necessary to coordinate a national or regional size event.

Despite the existing world class venue—the Great Salt Lake—unless more resources are made available, Utah should not actively solicit additional rowing and sculling events. Rowing and sculling should be supported on the basis that they improve the quality of life of their participants.

Squash

Squash is very popular in Europe, Canada, and Australia but it is still a developing sport in the United States. As a result, it receives limited television coverage. It is most prevalent in the Northeastern United States where many of the colleges have teams and provide scholarships to junior players as they progress through their careers.

Squash is an inexpensive sport to play in Utah. Utah's squash club, SquashWorks has 300 members and a world class facility with 6 squash courts and gallery seating for 130 spectators. SquashWorks members pay $30 month with free workshops available for children interested in learning the sport.

Squash should be supported on the basis of improving quality of life by providing low cost participation opportunities.

INTRODUCTION

Sports are more important than ever socially, economically, and culturally. Although more pervasive in the United States than elsewhere, the sports industry thrives in all industrialized nations. Sport plays a major role in American society as it accounts for the most popular form of recreation. Many Americans are involved in sports—either as participants or as spectators. In fact, many Americans "know more about sport than they do about politics, science, technology, economics or their own Constitution. They discuss sport with friends, relatives, and strangers more quickly and intensely, with more passion and conviction, than any other subject."[4]

Relative to other states in the nation, and even worldwide, sports permeate Utah life. The Sporting News 2000-2001 annual ranking of “The Best Sports City,” ranked Salt Lake City 19th out of 375 cities. **Appendix 1** provides a list of the top 60 cities. The rankings were based on the present sports climate as determined by the following criteria:

- Championships and playoff berths
- Regular-season win/loss records (from the last completed season)
- Applicable power ratings
- Overall fan fervor (measured in part by attendance as percent of arena/stadium capacity)
- Sports atmosphere and fan knowledge-ability
- Abundance of teams
- Stadium quality, accessibility and ambience
- Ticket availability and price
- Franchise ownership
- Marquee appeal of athletes
- Quality of competition[5]

It is obvious from Salt Lake City’s exceptionally high rating, and the underlying criteria used in establishing the rankings, that Utah has several existing strengths and is already well positioned to be a leader in the sports industry. As a result of this existing competitive advantage as well as additional findings disclosed throughout this report, we highly recommend that Utah focus on growing the sports industry within the state. Our research has revealed that growing the sports industry can best be accomplished by attracting amateur sporting events that have a large economic and/or image impact, improve the quality of life of Utah residents, and/or provide positive media exposure for the state.

It is essential to understand the sports industry as a whole before diving into Utah specific observations and recommendations. Therefore, we have provided an overview of the nation wide sports industry.

WHAT ARE SPORTS?

Sports, athletic games or tests of skill, are undertaken primarily for the diversion of those who take part or those who observe them. The range of activities classified under the vast term sports is great. Usually, however, the term is restricted to any play, pastime, exercise, game, or contest performed under given rules, indoors or outdoors, on an individual or a team basis, with or without competition, but requiring skill and some form of physical exertion.[6]

HISTORY OF SPORTS

Sports stem from a variety of sources. Hunting, fishing, running, and swimming, are derived from the rhythms and work requirements of primitive everyday life. Riding, shooting, throwing the javelin, or archery developed from early military practices. Boxing, wrestling, and jumping, arose from the spontaneous challenges and occasional hostilities that accompany human interaction.[7]

The late 19th century witnessed an expanding belief in sport as useful recreation, and in industrialized societies equipment was standardized, local and national organizations were set up to govern play, and a doctrine of character-building declared sports to be a necessary endeavor for men. The revival of the Olympics in 1896 and the blossoming U.S. intercollegiate athletic system boosted many forms of amateur, or unpaid, sports at the same time that professional sports (such as baseball, boxing, and bicycle racing) drew large numbers of spectators. Sports that were traditionally played in various countries became, by legislative act or general acceptance, national sports—baseball in the United States, bullfighting in Spain and Mexico, cricket in England, and ice hockey in Canada.

During the Great Depression, Americans sought inexpensive outlets for their energies; mass participation in sports such as softball and bowling resulted. At the same time, spectator sports flourished, and the commercialism that accompanied them gradually engulfed both amateur and professional sports. By the late 20th century, the televising of athletic events had made sports big business. On the other hand, expanding public concern with personal physical health led to mass participation, not necessarily competitive, in sports like running, hiking, cycling, martial arts, and gymnastics. Athletic activity by women expanded, especially after political action in the 1960s and 1970s opened doors to many forms of competition and an increased share of public funding for sports.

During the 20th century, sports took on an increasingly international flavor; aside from the world championships for individual sports, like soccer's World Cup, large-scale international meets, including the Pan-American games and the Commonwealth games, were inaugurated. Sports have correspondingly become increasingly politicized, as shown in the boycott of the 1980 Moscow games by Western nations and the retaliatory boycott of the 1984 Los Angeles games by Soviet-bloc nations—an exchange brought on by Soviet actions in Afghanistan.

SPORTS INDUSTRY VALUE CHAIN

The many players that participate in the market, such as professional team owners, athletes, sporting good manufacturers, television networks, and corporate sponsors increasingly influence our experience of sports. This section will discuss how these many industry players add value to one another.

In our research of sports and sport related industries it became evident that in order to fully understand the sports industry there needed to be a clear understanding of 1) who the players are, 2) what their relationships with one another are, and 3) who adds value to whom. It was therefore decided that a diagram of the sports industry value chain would help provide answers to the three questions above. After searches to find an industry insider's view of the value chain relationships, it became apparent that no one has ever made public their views on how the relationships between industry participants add value to one another. As a result, we have constructed our own analysis of the value-added relationships of sports industry participants and developed a diagram of the value chain.

The chart below (**Figure 1**) and the descriptions that follow were derived from 1) interviews with numerous National Governing Bodies, various local sports associations, the Utah Athletic Foundation, Utah Sports Commission, etc. in addition to readings cited throughout the paper. In addition, it is important to note that the same corporation sometimes owns many of the industry players that are represented as individual organizations in **Figure 1**.

VALUE CHAIN

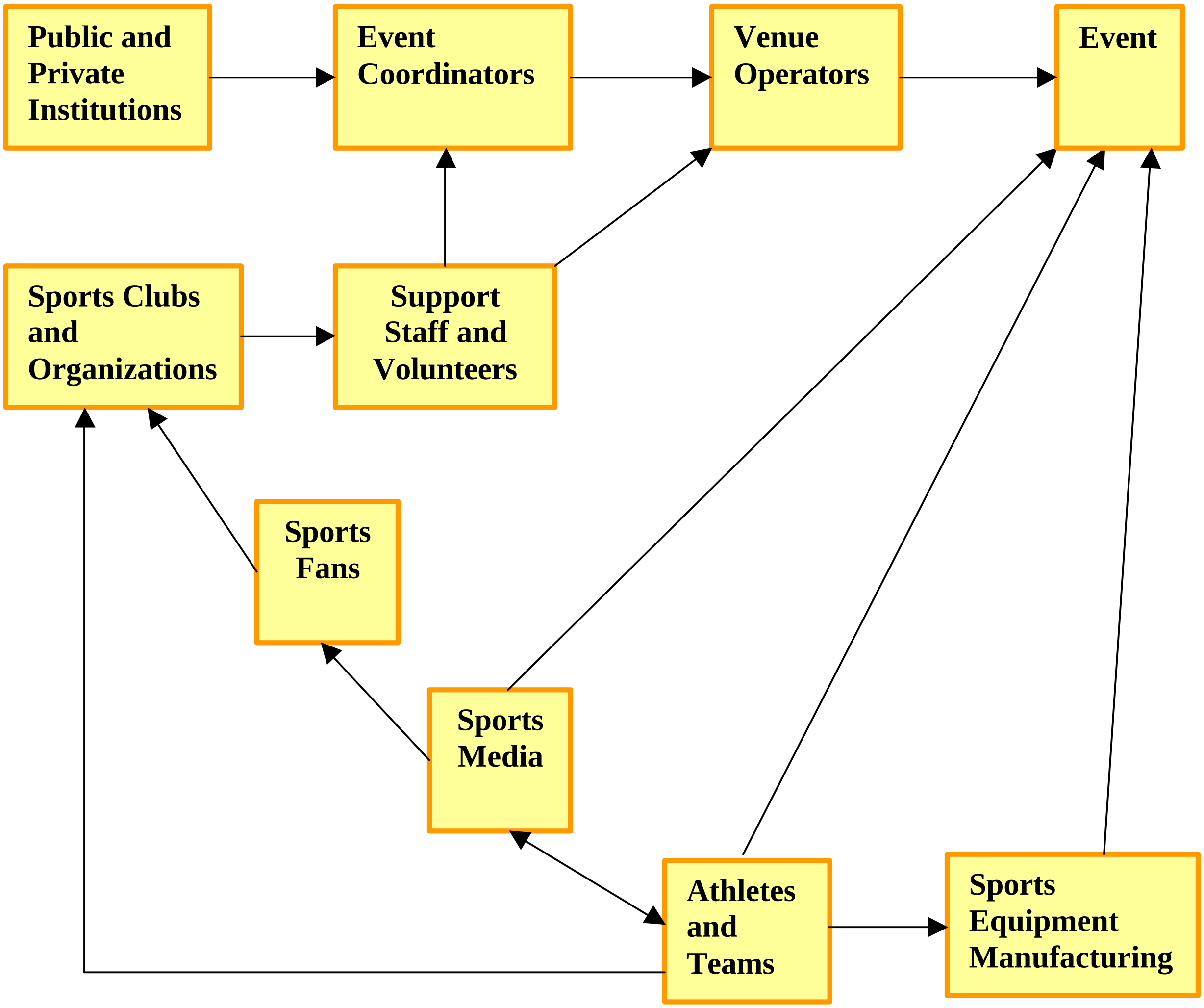


Figure 1

Public and Private Institutions: These are organizations such as the Utah Sports Commission (USC) and the Utah Athletic Foundation (UAF) whose primary charge is to help develop the community/economy through sports. Other entities that might also fall under this heading are universities with strong sports programs and the Convention and Visitors Bureaus of Utah's various counties and municipalities (CVB's). These groups often have contacts with influential people and funding that can be used to help *Event Coordinators* bid on and organize sporting events.

Event Coordinators: Event coordinators are almost always sport enthusiasts who have an interest in seeing their sport grow. At the amateur level, event coordinators are often volunteers who donate their time to bid on, organize, and run an event. At the professional level event coordinators are called promoters. While professional sports promoters are involved to make money, amateur event coordinators are involved simply for the enjoyment of seeing their sport benefit and grow. Because event coordinators do not necessarily have all the contacts necessary to organize an event they benefit from any help that can be given to them by other organizations and individuals. *Venue Operators* benefit from event coordinators in the following two ways. First, the coordinator must pay for the facilities it uses. Second, with each new event a venue hosts the venue gains credibility for its ability to host specific types of events.

Venue Operators: As stated above, all sports need a venue in which to hold their event. Sometimes venue operators will organize their own sporting events and other times they will either be sought out by outside event coordinators or they will seek event coordinators to use their facilities. Well-maintained modern facilities can add great value to any sporting events.

Sports Clubs and Organizations: Sports clubs and other sports organizations create a community around sports. The stronger the club for any given sport, the stronger the community for that sport will be. Sports clubs of any size are a terrific resource for *Support Staff and Volunteers*. Sports clubs and organizations can provide a networking effect that will facilitate the search for sporting event supporters.

Support Staff and Volunteers: Without a support staff and volunteers it would be impossible to hold sporting events of any kind. Sports supporters offer value on two distinct levels. First, they can provide services to the *Event Coordinator*. They can aid the coordinator in both setting up and running the event. Second, they can provide services to *Venue Operators*. Without sport enthusiastic supporters venue operators would be unable to host events.

Sports Fans: Sports fans play an integral role in the sports value chain. Fans not only add value to the sporting event through their attendance, they are the pool from which *Sports Clubs and Organizations* are formed and volunteers and coordinators are found. Fan attendance of sporting events creates a critical mass surrounding the event that perpetuates the attendance of future events. Fans also spend large sums of money on sporting events and sports related merchandise. It is not often that you will find a sports club member, volunteer, or event coordinator who is not first and foremost a sports fan. Fans are the very lifeblood of sports.

Sports Media: Sports media provides value to sporting *Events* by broadcasting live coverage and publishing stories about the event. Because of the media a one-time sports event can be revisited over and over through commentary and post event coverage. The media also provides the medium through which event promotion can be done. Sports media also adds value to the *Sports Fans* through the coverage of sporting events. All TV broadcasts, news stories, radio programs, sports commentaries, etc. enrich the sports fans' experience and make the overall sporting experience more worthwhile for any sports fan. In addition, *Athletes and Teams* gain value every time they are covered in the media. For more discussion on this topic see the section entitled Media and Broadcasting on page 61.

Athletes and Teams: Without athletes and teams the sports industry would not exist. Because of this they play the most significant role in adding value to an *Event*. Athletes also play a significant role in founding and or directing *Sports Clubs and Organizations*. The most interesting value added relationship that athletes and teams have is with the *Sports Media*. The relationship between these entities is a two-way arrangement. Athletes benefit from the coverage that is given them by the media, and the media benefits form the stories they run about the athletes. Athletes also add value to *Sports Equipment Manufacturers* by endorsing and using equipment made by different companies.

Sports Equipment Manufacturing: The relationship found between the sports equipment manufacturers and everyone else in the industry can be summed up in two words – endorsements and advertising. Equipment manufacturers add value to sporting *Events* by endorsing them with their advertising. The name of a large sports equipment manufacturer adds credibility to staff, officials, and the organization as a whole.

SPORTS IN THE U.S. SOCIETY

Sport plays a major role in American society as it accounts for the most popular form of recreation. Many Americans are involved in sports - either as a participant or as a spectator. In 1992, the average American household watched 178 hours of sports on television, over three hours per week.[8] Sports pages in American newspapers far outnumber the number devoted to movies, theater, sciences, and art combined. Advertisers spend more than $3.7 billion in a year sponsoring sporting events, and our education system makes a huge investment in physical education so that nearly every child in the country can participate in sports at school.[9]

Sports fanatics care deeply because of their affiliation. Their team represents something—a city, a high school, or a college—that is meaningful to them. The team means something because years of effort give them meaning. They have earned the right to represent their city or school.

Amateur sports distinguish between recreational and competitive sports. Favorite recreational activities include hiking, walking, boating, hunting, and fishing. All of these are liked for the recreational value as well as for exercise. But there are also many other sports activities in America that attract millions of participants for personal enjoyment, the love of competition and for the benefits of fitness and health. In addition, sport teaches social values like teamwork, sportsmanship, self-discipline, and persistence that are highly regarded in U.S. society.

The U.S. Government acknowledges the important impact of sports on American society. The President's Council on Physical Fitness and Sports especially highlights the commitment to skills such as teamwork, self-discipline, and sportsmanship. It serves as a catalyst to promote, encourage and motivate the development of physical fitness and sports participation for all Americans of all ages.[10]

BENEFITS FROM SPORTS PARTICIPATION

Sports offer direct economic benefits to countries, regions and localities. Hosting a sport event can increase community visibility, generate positive psychic income, and enhance community image. They directly contribute to the recognition of towns and cities, improving health, productivity and quality of life for individuals and communities. Indirectly, sport contributes to savings in the cost of health care and leads to a reduction in crime and vandalism. It offers a source of national pride and well being derived from national success, as well as local environment benefits tat can change the image of a city or community and lead to increased inward investment.[11]

Sport reduces health care costs and saves employers money. For every mile a person walks or runs they will save society 24 cents per mile in medical and other costs. Employees who adhere to a fitness program are more productive, absent less often and are less likely to have an accident. Firms that help provide their employees with fitness and health programs experience decreased employee turnover.

Active youth have higher self-esteem and an enhanced health-related quality of life. Studies have shown that students who participate in sport have higher grades than those who do not. Among young people, high levels of fitness are associated with a decline in smoking and drinking behavior. Regular physical activity in childhood and adolescence reduces many health risks. Youth that enjoy full and active lives are much less likely to turn to self-destructive behavior such as drug abuse and suicide. Sport is an important way of developing a child's character and an excellent way for children to learn basic values.[12]

ECONOMIC IMPACT OF SPORTING EVENTS

The economic impact produced by various sporting events can be defined as the gross change of money originating from outside the region, the money that stays in the local economy both increased by a factor to represent the circulation of that money in an economy. It represents the incremental spending above and beyond what would be expected in the region if the event were not held. [13] Also classified as "new money." Economic impact attributable to a sporting event should include only new cash flow injected into an economy by visitors and other external businesses such as media, banks, and investors from outside the community.[14] These are the dollars left behind by those who came to the city because of the event. Visitor spending does not include spending by residents. Spending at an event by local residents is not included because these dollars would have been redirected or spent locally somewhere else in the economy—i.e. having dinner at a local restaurant, or attending a local movie theatre. Therefore, "new money" that comes into the state from outside of the state represents new dollars brought into the region.

The process of estimating the economic benefit of a sports event can become very controversial. Estimating the economic impact is very difficult and frequently too subjective. Methodologies for conducting economic impact studies vary even among experts. The basic, formula applied in this paper to determine economic impact, as supplied by the National Association of Sports Commissions, is:[15]

$$(OutOfTownVisitors)\times(AvgDailySpending)\times(LengthOfStay)\times(EconomicMultiplier)$$

The challenge in using this formula lies in determining the proportion of visitors, their spending patterns and the economic multiplier. Estimates used in the sports profiles in the last section of this report were based on information received from National Governing Bodies (NGBs) of sport and/or on economic data received from Utahns who function as volunteer managers for their sports. Doug Jex of the Department of Community and Economic Development supplied the economic multiplier.

As stated in the previous section, professional sports do not achieve high returns on investment and tend to attract only local residents to their events. Therefore, they attract little if any "new money" from outside the state, limiting their economic impact. Events that attract a large number of out of state participants are more likely to have a higher economic impact. Consequently, the focus of this report, in addition to outlining the sports industry, is in attracting large tournaments, primarily amateur—such as National Championships, AAU Junior Olympic Games, the Winter X-Games, etc.—to Utah.

According to the Travel Industry Association of America, Atlanta is the leading city in the U.S. for spending by sports-related travelers and tourists. According to the Atlanta Sports Council, *The Atlanta Journal and Constitution* and Street & Smith's *Sports Business Journa*l, the economic impact of sports on the city during the five-year period of 1999 to 2003 is expected to be $4.5 billion.

PROFESSIONAL ECONOMIC IMPACT

Economic reasons are often stressed when considering public financing of professional sports stadiums. Economist Mark S. Rosentraub hypothesizes that the economic impact of these teams is miniscule compared with the opportunity cost of funding these stadia. He contends that the reasoning behind the public financing is psychological. There are only a few cultural Mecca's in the United States: New York, Los Angeles, and Washington. Other cities need something that can make their citizens proud. Most municipalities turn to professional sports. They feel that housing a pro team is the quickest way to gaining respectability as a major metropolis. According to Rosentraub, professional sports never make up more than one half of one percent of all jobs in any community in which they exist. Nor do they account for two-thirds of one percent of the total payroll of any community in which they exist.[16]

In their book, "Sports, Jobs, & Taxes" Noll and Zimbalist [17] conclude: first, sports teams and facilities are not a source of local economic growth and employment; second, the magnitude of the net subsidy exceeds the financial benefit of a new stadium to a team; and, third, the most plausible reasons that cities are willing to subsidize sports teams are the intense popularity of sports among a substantial proportion of voters and businesses and the leverage that teams enjoy from the monopoly position of professional sports leagues.

Also, when it comes to generating job growth, pro sports produce jobs only in localized area usually within the stadiums own zip code. There is no large ripple effect throughout the community. In fact, pro sports can sap jobs from outlying areas because people who would have spent their money on movies and restaurants in the suburbs will instead spend that money at the sports stadium, reducing business for suburban entertainment and food venues.[18]

In addition, a study by *Street & Smith's Sports Business Journal* identified Salt Lake City as one of 21 markets that lack the financial wherewithal to support additional professional franchises. Therefore due to the reasons explained above Utah should concentrate its efforts on securing amateur sporting events in its pursuit to become a "State of Sport".

SIZE OF THE INDUSTRY

Estimates of the sports market size depend on how the market is defined and vary from source to source. The most obvious component of this industry for most people was television, with its telecasts of all major sports events heavily supported by commercials. But the industry is much larger than television. It includes:

- Retailing of sports equipment and clothing
- Construction and maintenance of sports stadiums
- Operation of health and fitness clubs
- Construction and maintenance of racetracks, golf courses, tennis courts, bowling alleys, and skating rinks
- Corporate sponsorship of events such as bat day or camera day at a baseball game
- Corporate or small-business sponsorship of youth leagues for football and baseball
- Corporate sponsorship of the Olympic Games
- The selling of food, drink, and souvenirs at stadiums

- Books and magazines on sports
- A large network of sports columnists and newscasters
- Trading in baseball and other cards
- Organized unions of athletes
- Agents, lawyers, and business managers for athletes
- Product endorsements by athletes
- Sports medicine and sports insurance

Moreover, it is not only the competitive games that have become big business. Hunting, fishing, sailing, hang gliding and paintball are also lucrative--especially to the makers of the equipment involved.[19]

According to the Street and Smith's Sport Business Journal, the U.S. sports industry is the 11th largest industry in the nation, generating an estimated $324 billion in economic impact annually. The Indiana Sports Commission (ISC) estimates that sporting events have pumped approximately $3 billion into their local and state economy over the 20 years they have been in existence, including over $700 million that has come back to the residents of Indiana in salaries and wages. The ISC announced in April that the net economic impact on the city from amateur sporting events that took place in 2000 was $59.6 million.[20] The Greater Chattanooga Sports and Events Committee estimated its economic impact for 1999 was $22,495,300.[21]

According to the Los Angeles Sports & Entertainment Commission (LASEC), today's sports industry is an estimated $212.53 billion large. This is twice the size of the automobile industry and bigger than all the public utilities put together. The LASEC also calculated sports travel as being responsible for $44.47 billion or 20.92% of the total sports industry's worth. This amount is defined as travel taken exclusively to attend or participate in a sporting event. Sport related travel has increased 57% over the last five years, classifying two-fifths of U.S. adults as sports travelers.[22]

When commenting on the opening of Walt Disney's Wide World of Sports which opened March 28, 1997, John Bisignano, manager of sports programming, said, "the entertainment industry is a $40 billion business, while the sports business is a $200 billion business."[23]

Street & Smith's Sports Business Journal developed the most recognized estimate of the size of the sports market in December 1999. They estimated the annual U.S. sports industry at $213.5 billion. A year and a half later, there is no doubt that the sports industry is even larger than this.

The sports market is composed of a numerous sectors. Street & Smith's divides the market into the following 15 sectors:

1. Advertising: $28.25 billion
2. Endorsements: $730 million
3. Equipment/apparel/footwear: $24.94 billion

4. Facility construction: $2.49 billion
5. Internet: $300 million
6. Licensed goods: $15.1 billion
7. Media broadcast rights: $10.57 billion
8. Professional services: $14.03 billion
9. Spectator sports: $22.56 billion
10. Sponsorships: $5.09 billion
11. Medical treatment: $4.1 billion
12. Travel: $44.47 billion
13. Publications/videos: $2.12 billion
14. Gambling: $18.55 billion
15. Team operating expenses: $19.23 billion

The sports industry is usually classified with travel and tourism. In Utah in 1999, tourism jobs accounted for nearly one in nine jobs in the state, making tourism one of the state's largest industries.[24] The international exposure Utah will receive from the 2002 Winter Olympic Games will also prove invaluable; six out of every ten people on the planet watched the 1996 Summer Games in Atlanta. Increased awareness of Utah, its beauty and superior venues will contribute to an influx of visitors and sports enthusiasts desiring to bring large events to this great state. In Atlanta, Georgia for example, Georgia has had three times as many foreign tourists visit Atlanta in each of the two years following the 1996 Summer Games than they did before the Games.

A panel of six sports business authorities, brought together by *Street & Smith's Sports Business Journa*l, foresee a new golden age in sports beginning in the new millennium. As the experts perceives them, the coming years will bring a world in which sports in America, and the business of sport, continue to thrive. According to some of the most innovative minds in American sports, "The opening years of the 21st century will constitute a golden age for sports business. But because of increased competition in every sector, only those equities with unique attributes, and the marketing skills to maximize them, will continue to thrive."

> "The opening years of the 21st century will constitute a golden age for sports business. But because of increased competition in every sector, only those equities with unique attributes, and the marketing skills to maximize them, will continue to thrive."
>
> *Street & Smith's Sports Business Journal*, Jan 99.

At this time no one is certain of the size of the sports industry in Utah. Although the task would be large and somewhat arbitrary it is our recommendation that it should be assessed. By knowing the size of the Utah sports industry it will be easier to convince those involved of its importance. The very fact that Utah sits well under the sports spotlight combined with the shear size of the U.S. sports industry begs the question, "How big are sports in Utah?" Based on general observations from our research we feel that Utah receives considerable economic impact from sports each year. Unfortunately, because the exact number is not known it becomes difficult to use the size of Utah sports as a bargaining chip. Therefore we recommend that a group be assembled to conquer the enormous task of evaluating the size of the sports industry present in Utah.

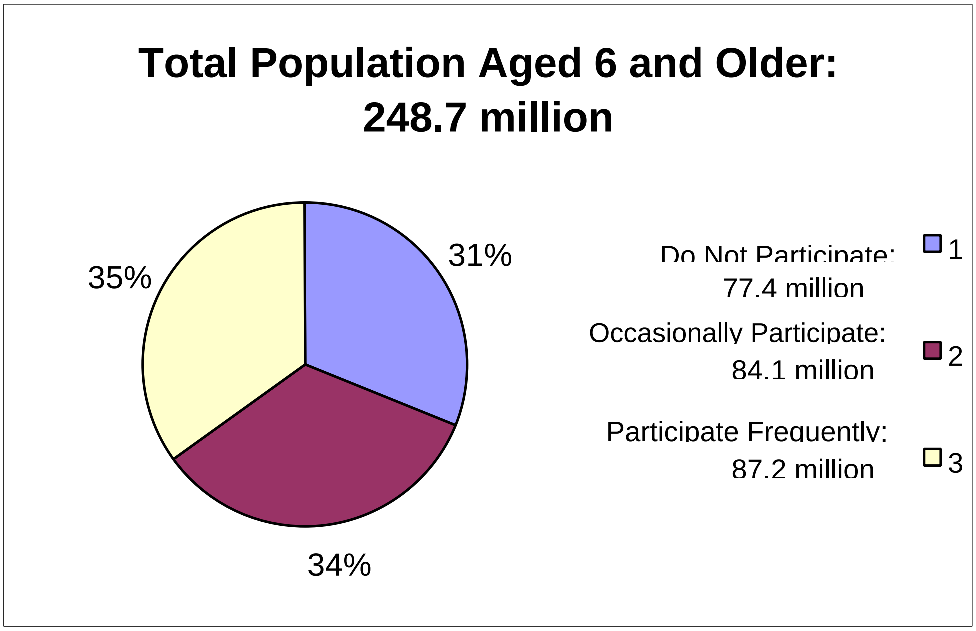
SPORTS TRENDS

Sports like any other industry experience trends and growing pains. A few of those, as predicted by the Sports Business Journal, are listed below:

- The massive growth spurt that fueled sports during the last quarter of the 20th century will lose speed. Leagues will stabilize, at least temporarily. An international presence will be furthered not through additional expansion but indirectly, with targeted marketing, promotions, telecasts and new media, and special events.
- Despite the fragmentation within the television universe, major properties will manage to hold their value and remain on over-the-air commercial networks. Minor sports gain increased exposure on niche television channels, but relatively few reach profitability.
- Sport will enter a new era of community involvement. Businessmen come to realize that their carefully woven synergies between sports holdings and ancillary businesses become worthless if the connection between the average fan and the main entity (the team, the tour, the university) is lost. As ticket revenue makes up less and less a percentage of total income and franchises look for ways to entice a broader cross-section of their fan base into their venue, ticket prices actually decline.
- Increased technology will enable sports businesses to operate more efficiently, and will also augment the total sports experience, both live and through a variety of media.
- Business opportunities must be considered selectively in such a rarefied atmosphere, but for those who choose correctly, the opportunities are unprecedented.

SPORTS PARTICIPATION

Nearly 70% of the U.S. population was involved, to some degree, in sports participation during the year 2000. In 2000, over a 170 million Americans, age six and older, participated at least once in over 100 sports and recreational pursuits.[25] Thirty-five percent participated frequently as indicated in **Figure 2**.



Source: The SGMA Report 2001. "Participation Trends in Fitness, Sports and Outdoor Activities—Sports Participation in America." p.3.

Figure 2

Highlights from Sports Participation In America are:

- Of the 36.2 million fitness walkers, 10.3 million say it's their favorite fitness activity.
- Skateboarding participation grew by more than 60% from 1998 to 2000.
- Basketball remains the most popular team sport, with 37.6 million participants.
- Teenage players dominate most team sports.
- Female participation in tennis has grown in the past ten years — to 45% of all tennis players.
- Of those who play golf, 30% named it their favorite activity.
- Tent camping has increased almost 20% between 1987-2000, indicating a growing interest in outdoor pursuits.[26]

A survey conducted by the National Sporting Goods Association (NSGA), based on a sampling of 15,000 U.S. households, revealed exercise walking as America's most popular activity among the 62 sports, recreation, and fitness activities surveyed by the NSGA. Exercise walking had 81.3 million participants in 2000, versus 80.8 million in 1999. Swimming drew 59.3 million participants in 2000 (a 2% increase from 57.2 million in 1999). In this survey a participant was defined as someone seven years of age or older who plays a sport more than once within the year. For swimming, exercise walking, bicycling, exercising with equipment, running/jogging, calisthenics and aerobics, participation is defined as doing the activity six times or more within the year.[27]

Among the 10 most popular sports and recreation activities, fishing showed the strongest growth. It rose almost 5% to 48.8 million participants, up from 46.7 million in 1999. Hunting, a category that has a high participant overlap with fishing was up 13%. The rankings of activities can be seen in **Appendix 2**.

Among team sports, volleyball grew 4%, the first increase in participation it showed in 10 years. Basketball, baseball, tackle football, and soccer all showed declines ranging from 2% to 8%. Among traditional team sports, basketball ranked 9th (27.2 million); baseball, 19th (15.7 million); softball, 23rd (13.9 million); soccer, 25th (13.0 million); volleyball, 26th (12.2 million); tackle football, 33rd (7.5 million); and ice hockey, 57th (1.9 million). The NSGA report (appendix 3) also shows that some of the extreme sports are currently experiencing the most growth. For example, both skateboarding and snowboarding are experiencing growth upwards of 30% annually. In addition, some sports that were previously ignored are showing up in strong numbers. Paintball has over 5 million U.S. players and experienced 4% growth last year. It has been observed that Utah has a strong paintball community but few facilities. Sports such as paintball, that often hold large amateur and professional events that attract people from all over the nation, can no longer be overlooked. They are now undeniably on the radar and, as reflected in their growth statistics, are not going to go away. If Utah were to move now to support many of these new emerging sports it would have the chance to establish a strong affiliation with each that could be used to attract future events. [28]

For additional growth and decline statistics in the number of participants in popular sports see the chart generated by American Sports Data in appendix 4. While some of their growth statistics differ from those of the NSGA report, they show the same trends. In fact, according to American Sports Data, the three sports that experienced the most growth in the year 2000 are snowboarding, skateboarding, and wakeboarding. All three of these are considered extreme sports.

Along with the NSGA, the Sporting Goods Manufacturers Association (SGMA) also compiled a list of the most popular sports in the U.S. following an analysis of the most recent Superstudy® on Sports Participation. **Appendix 3** lists the 29 most popular activities as ranked by the list. Their findings revealed that recreational activities are taking the lead in sports participation, as seven out of the top ten sports are leisure-oriented pursuits. As will be discussed later on pages 49-50, this is an important reason for Utah to waste no time in building on its already existing brand image of being an "outdoor recreation" state and beginning to cluster major outdoor sporting goods manufacturers and organizations in the State. Because one-third of these top 29 activities are fitness-related, clustering of manufacturers and organizations will fit well with the already existing sports community.

UTAH

The NSGA also performed an assessment of the popularity of 34 sport activities in each state. The survey was completed in June 1998, and assessed 1997 sports popularity in the states. In order to make data comparable form state to state an index was created by dividing the state's percentage of participants in a particular activity by its percentage of the U.S. population. Utah had the highest index number in the nation for touch football, hiking, mountain biking (on and off road), inline skating, soccer, step aerobics, volleyball, and work out in a club. Utah had the second highest index number in running/jogging, softball, swimming, and table tennis. Utah was also third in tackle football and golf. Utah ranked in the top 3 in 15 of the 20 sports categories surveyed.

Due to the age of this survey it was not included in its entirety in this report. However, the above discussion was included to show that this sort of index would be valuable. In addition to the recommendation made earlier on page 42 to assess the size of the sports industry in Utah, it would be invaluable to know the presence that each sport has in the state. It is therefore recommended that a task force be assembled to assess all the sports Utah residents currently participate in and to track their annual trends. Detailing the performance of each sport in Utah would provide valuable insight to the state that can be used to formulate a Utah sport strategy. This information could also provide feedback to those bodies/organizations responsible for the management of a particular sport.

SPORTS SEGMENTS

The purpose in segmenting the sports industry is two-fold. First, to spotlight the various segments of the sports industry. Second, to provide a rough estimate of the size of the sports industry. As was stated in a previous recommendation, the assessment of the size of the sports industry in Utah would give sports enthusiasts another bargaining chip in promoting sports in the state. While this section of the report does not provide Utah specifics for each segment, it does provide a good framework for segmenting this incredibly large industry. Where appropriate, this section of the report will spotlight information that relates specifically to Utah. The rest of the information is given simply to educate the reader on the various sports segments and to help grasp the size of the sports industry.

PROFESSIONAL SPORTS

Professional teams are the most widely recognized industry segment in sports. Professional teams and leagues include various sports teams, leagues, and governing bodies. Most notably are the NFL, NBA, WNBA, MLB, NHL, MLS, WPSL, PGA, USPV, and Arena Football.

In various issues during 1999, *Forbes* published an assessment of the 116 franchises in the four major professional sports leagues. Average revenues per team of the sports leagues were as follows:

- Major League Baseball (30 teams): $88.8 million
- National Basketball League (29 teams): $42.1 million
- National Football League (30 teams): $109.1 million
- National Hockey League (27 teams): $52.7 million

The average valuations of professional sports franchises are summarized below (one-year change in parenthesis):

- Major League Baseball: $220 million (+11%)
- National Basketball League: $183 million (+11%)
- National Football League: $385 million (+34%)
- National Hockey League: $135 million (+8%)

The ten most valuable franchises in 1999 were as follows:

- Dallas Cowboys (NFL): $663
- Washington Redskins (NFL): $607
- Tampa Bay Buccaneers (NFL): $502
- New York Yankees (MLB): $491 million
- Carolina Panthers (NFL): $488 million
- New England Patriots: $460 million
- Miami Dolphins (NFL): $446 million
- Denver Broncos (NFL): $427 million
- Jacksonville Jaguars (NFL): $419 million

The National Basketball Association is generally conceded to be the best-promoted business in sports. No other league has as many name-brand players, and no other league is as lucrative. Over the years the NBA has produced some of the most profitable franchises in all sports; the most valuable NBA franchise being the New York Knicks valued at $334 million.[29]

PROFESSIONAL SPORTS IN UTAH

While the dollar signs surrounding professional sports look impressive, it is important to recognize that primarily in-state spectators attend professional sporting events. Therefore, the amount of "new money" that they infuse into the local economy is limited.

Professional sporting events in Utah provide extensive media coverage of the area and they help create community pride, enthusiasm and involvement. Teams such as the Utah Starzz, Blitzz, Grizzlies etc. offer an excitement and community bond that can be experienced no place else. And while these professional teams don't always win, they do serve as a source of pride to the community. They offer a common topic of conversation between strangers, and incredible media exposure of the surrounding area. Utah's professional teams offer a central point in which they entire sporting community can come together.

Utah's professional sports teams are depicted in table 1.

Table 1

Professional Sports in Utah					
Sport	**League**	**Team**	**Venue**	**Division**	**Conference/Affiliation**
Basketball	NBA	Utah Jazz	Delta Center	Midwest Division	Western Conference
Basketball	WNBA	Utah Starzz	Delta Center		Western Conference
Indoor Soccer	WISL	Utah Freezz	E-Center		
Outdoor Soccer	USL	Utah Blitzz	Rice-Eccles Stadium	D3 Pro League	
Hockey	IHL	Utah Grizzlies	E-Center	Southwest Division	Western Conference
Baseball	AAA	Salt Lake Stingers	Franklin Covey Field	Pacific Coast League	Anaheim Angels
Baseball	A	Ogden Raptors	Lindquist Field	Pioneer League	
Indoor Football	NIFL	Utah Rattlers	Peaks Ice Arena	Western Division	Pacific Conference

COLLEGIATE SPORTS

Almost every college campus has an athletic department, and there are over 3000 colleges and universities in the U.S. Athletic departments have numerous departments such as tickets, sports information, facilities management, equipment, student-athlete affairs, marketing, and fundraising. Needles to say, college athletics represents an enormous segment of the sport industry. According to Street & Smith's *Sports Business Journal* (December 20-26, 1999), annual markets related to college sports are as follows:

- Operating expenses, college sports: $4.3 billion
- Media broadcast rights, collegiate telecasts: $987 million
- Travel: $1.09 billion

HIGH SCHOOL SPORTS

High School athletics are supported largely by tax money rather than revenues from events. The 20,000 U.S. high schools employ approximately 500,000 coaches and sponsors. There are an equal number of officials and judges.

The National Federation of State High School Associations (NFHS) is the national service and administrative organization for high school athletics. The NFHS publishes playing rules and promotes programs and services that can be used by the individual state associations governing their high school athletic programs.

More than 10 million high school students annually participate in activities administered and regulated by the National Federation of State High School Associations—six million in athletics and four million in fine arts. For more information on high school athletics participation figures see appendix 6.

Football is the most popular boys sport, followed by basketball. Basketball is the most popular girl's sport, both in terms of number of schools and number of participants. Over the past few years, the number of young women participating in high school sports has dramatically increased with approximately 16 sports and over 2.5 million young girls playing sports in every state.

HIGH SCHOOL SPORTS IN UTAH

High school sports, and more generally physical education, are important to Utah for a number of reasons. As was mentioned on page 38 youth who participate in sports are more likely to have a high self-esteem and less likely to get involved with drugs, alcohol and tobacco. In addition, those that participate in sports are less likely to have health difficulties. In addition to these two general factors, it is our observation that when an individual participates in high school sports they form a long time bond with the sports community. In other words, the high school athletes and high school athletic supporters of today will be the supporters of the general athletic community of tomorrow. Although high school sports are not a moneymaker, it is still vital to the future of sports in Utah.

OUTDOOR RECREATION

A wide cross-section of the American public participates in some form of outdoor recreation. A research study commissioned by The Recreation Roundtable and conducted by Roper Starch Worldwide revealed that more than three-quarters of Americans (78%) are participating in outdoor recreation at least once a month. This number has been rising for several years and increased 11 points in 2000 alone.[30]

A subgroup analysis of this year's data shows that increases in outdoor recreation participation have undeniably occurred across all age and income categories. A recent article in American Demographics Magazine highlighting the outdoors observed that outdoor recreation is "becoming increasingly appealing to every demographic. Today's seniors, laden with free time, unprecedented good health, and generally hefty retirement accounts, are indulging in outdoor activities...[while] environmentally conscious Baby Boomers are flocking to exotic adventure travel destinations...[and] Gen Xers and Ys...have spurred the development of non-traditional outdoor activities."

Americans enjoy a wide variety of outdoor activities. The survey documented involvement with a broad range of pursuits-from swimming to rock climbing to snowboarding. During 2000, the most popular outdoor recreation activity was rigorous walking, with close to two-thirds (62%) of the public engaging in this activity, either in the form of walking for fitness or recreation (57%) or hiking (19%).

About 4 in 10 Americans reported driving for pleasure (41%) or swimming (40%) as outdoors recreation activities they engage in. Picnicking is popular with more than one third of the public (36%). More than one-quarter of the public enjoys camping (26%), fishing (26%), and viewing wildlife (25%). Bicycling is another popular activity for about one-quarter (24%).

An indicator of a sport's economic contribution is a participant's annual expenditure. For outdoor human powered sports, scuba divers spend the most, averaging $400 each annually. Mountaineers are close behind with an average of $325, followed by mountain biking ($138) and inline skating ($152).[31]

OUTDOOR RECREATION IN UTAH

Utah has some stunning scenery, and many back roads for outdoor recreation enthusiasts to explore. Utah is home to:

- Bryce Canyon National Park
- Zion National Park
- Canyonlands National Park
- Dixie National Forest
- Natural Bridges National Monument
- Escalante National Monument
- Arches National Park
- Capitol Reef National Park
- Fishlake National Forest
- Wasatch-Cache National Forest
- Cedar Breaks National Monument

In addition, Utah has many lakes for boating and mountains for paragliding, hang gliding, rock climbing, and mountaineering.

Associated economic benefits of outdoor recreation include expenditures for travel, food, lodging, and user fees. A study conducted by the state of Colorado estimates that a park with 100,000 annual visitors generates about $2 million for the local community's economy. Other studies estimate the economic impact to be even higher. Utah has many parks.

The Outdoor Retailer Winter Market Show consisting of apparel, footwear, equipment and accessory trend in "traditional outdoor" and the new "athletic outdoor" markets was held at the Salt Palace Convention Center Salt Lake City, UT on January 27, 2001. The Outdoor Retailer Summer Market will also be held in Utah from August 16-19, 2001.

Drawing on these facts, it is easy to observe that Utah is situated to capitalize on recreational sports. Utah is well known for its stunning scenery and landscape. Many manufacturers, as is shown by the fact that they hold their annual conventions in Utah, recognize Utah as a leader in recreational sports. Again, based on this observation, it is recommended that Utah seek to grow its presence in this industry segment.

SPORTING GOODS: MANUFACTURING/RETAILING/WHOLSALING

Sports apparel has become the attire of choice throughout much of the world. The impact and name recognition of the major companies in the sporting goods industry has increased tremendously. The sporting goods industry includes Manufacturers, both suppliers and producers of finished goods, and Retailers with either full-line stores or specialty stores and wholesalers/distributors who manage mass merchandisers and mail orders. Household names of companies that fall into the sporting goods manufacturing/retailing/wholesaling segment include:

- Moving Comfort
- NIKE Inc.
- Reebok International Ltd.
- Adidas America Inc.
- Nancy Lopez Golf
- Wilson Sporting Goods Company Inc.
- Rawlings Sporting Goods Company Inc.
- Taylor Made Golf Company
- Sportsmart
- The Sports Authority
- Oshman's
- Champs Sports
- Footlocker

It was during the post-Civil War era that increasingly organized sports events gained momentum in the United States. National League baseball started in 1876 and quickly rose in popularity. College football began around the same time. Basketball was invented in 1891 and ice hockey became popular in the 1920's. As the U.S. population became more involved in sports through recreation and competition, the industry that supplies sporting goods equipment and accessories also began to blossom.[32]

Both the National Sporting Goods Association and the Sporting Goods Manufacturing Association (SGMA) have separated the sporting goods industry into four main categories; sports equipment, sports apparel, athletic footwear and recreation transport.

Manufacturers participating in this industry utilize a variety of business models. Some are more vertically integrated and focus on only one particular sport such as Callaway Golf Co. Others produce goods across several sporting categories. Some of the largest publicly owned sporting goods manufacturing companies are Brunswick Corp, Huffy Corp, K2 Inc.

According to the NSGA, sales of sporting goods have been as follows:

1992: $36.09 billion	1996: $42.93 billion
1993: $36.83 billion	1997: $44.39 billion
1994: $38.61 billion	1998: $44.26 billion
1995: $40.54 billion	1999: $45.81 billion

And the 1999 market was distributed as follows:

- Equipment: $19.21 billion
- Footwear: $13.21 billion
- Clothing: $13.39 billion

  The above excludes recreational transport (bicycles, pleasure boats, RVs and Snowmobiles). These sales were $25.487 billion in 1999. Adding this to the total, the 1999 U.S. sporting goods market was $71.30 billion.

For a further breakdown of the spending by category from the years 1994-2000 with a projection for 2001 see **Appendix 6**.

Sports Equipment

According to the SGMA the six largest categories of sports equipment in 2000 were, exercise and sports equipment, golf, firearms/hunting, camping and team institutional. The respective market share and percent change from 1999 from each of these categories is listed in **Table 2**.

Table 2

Category	Market Size (millions)	Percent Change
Exercise Equipment Machines	$3,660	11.8%
Golf	$2,530	5.3%
Firearms/Hunting	$1,900	Minimal
Camping	$1,680	Minimal
Team Institutional	$1,510	Minimal

Source: Sporting Goods Manufactures Association

Several other sporting categories with smaller market sizes registered significant sales gains as indicated in **Table 3** by their large percent change from 1999 to 2000.

Table 3

Category	Market Size (millions)	Percent Change
Skateboarding	$125	28.8%
Snowboarding	$230	25.7%
Paintball	$195	14.7%
Water Skiing Equipment	$135	8%
Tennis	$238	5.8%

Source: Sporting Goods Manufactures Association

The three largest sports equipment categories in team sports were baseball/softball, basketball and soccer as depicted in **Table 4**.

Table 4

Team Sport	Market Size (millions)
Baseball/Softball	$440
Basketball	$375
Soccer	$220

Source: Sporting Goods Manufactures Association

Utah Sports Equipment Manufacturers

Two equipment manufacturers that have ties to Utah are profiled below. While these are not the only sports equipment manufacturers in the state, they were included to give an example of the types of sports equipment manufacturers that currently reside in Utah. However, these companies were also chosen because of their brand recognition on a global level. It is also interesting to note that these companies manufacture equipment that is used by recreational sport enthusiasts.

Easton

Jas. D. Easton, Inc. is a privately owned manufacturer, marketer and distributor of sporting equipment, headquartered in Van Nuys, California. It currently employs more than 1,000 people worldwide in various distribution, manufacturing, sales and marketing capacities. Other operations are located in Salt Lake City, Utah, Mexico and Canada.

Easton is considered one of the world's preeminent innovators, designers, and manufacturers of sporting equipment. Much of this success is due to Easton's corporate strategy centered on producing products for the highest level of performance. Throughout its history, Easton has not only grown from within, but through the selective acquisition of other technology-based sporting goods companies.

These acquisitions have included Hoyt Archery Company in 1983, the Curley-Bates Company in 1985, IncrediBall in 1989 and Beman SA in 1995. The Hoyt acquisition brought the manufacturer of the finest bows in the world into the Easton group of companies. The purchase of Curley-Bates enabled Easton to control its own marketing and distribution division for team sports equipment. The IncrediBall acquisition expanded Easton's team sports product line into the patented IncrediBall training and youth ball. The acquisition of Beman, a French all-carbon arrow manufacturer, enabled Easton to provide additional choices to dealers and consumers in the archery market.

Although arrow shafts were Easton's first venture in the use of aluminum, they were certainly not the last. By expanding into baseball, softball, ice and street hockey, tent tubing, bicycle frame and component tubing, Easton has positioned itself as the foremost high performance sports equipment manufacturer in the world.

Easton has two operations located in Salt Lake City—Easton Technical employing 350 people and Hoyt USA with 150 employees. Both operations are involved in manufacturing archery equipment. The average employee wage for both plants is about $9 per hour. Easton also has some management and a handful of R&D/product development jobs that pay between $40,000 and $70,000 per year.

Erik Watts, manager over the Salt Lake City operations, indicated that Easton's decision to expand their manufacturing to Utah in 1979 was based on several factors including:

- The revenue bond financing they received from the state
- The ability to get a manufacturing process used in their plants approved quicker in Utah versus other states
- The large, available, educated workforce
- The proximity to the airport and relatively short flight to their headquarters near Los Angeles
- The Utah lifestyle/environment.

Easton also plays a minor role in coordinating archery events with sporting retailers. For example, they partnered with Doug Miller to provide archery target practice at a booth in the State Fair. They also have an archery facility with equipment at one of their Salt Lake operations which can be used by scout troops, church groups, and other interested parties.

In deciding to move to Utah, locating near or in a sports Mecca or a sport friendly environment was not considered a key criterion. Mr. Watts did mention, however, that it was easy to be in Utah since there is bow hunting here. They would probably not locate in a city or state that was not bow hunting/archery friendly.[33]

Marker

Headquartered in Salt Lake City, the company formerly known as Marker International, a maker of innovative and technically advanced alpine ski bindings and snowboard gear, is now MKR Holdings. Snowed under by debt, the company sold its snowboard business in 1998 and filed for Chapter 11 bankruptcy protection in 1999. As part of its reorganization, the company's remaining assets were transferred to Marker International GmbH, a Swiss company; in return, MKR Holdings received a 15% stake in Marker International GmbH. MKR Holdings is required to dissolve by the end of November 2004, either by selling its stake in Marker International GmbH to CT Sports Holding (which owns the other 85%) or by liquidating.

It is unfortunate that Marker will no longer be in the state of Utah. Although we were unable obtain information as to Marker's unexpected decline, we highly recommend further research into the details that preceded their bankruptcy. While it is always unfortunate that a company folds, examining the issue thoroughly can provide valuable insight and learning for other companies' survival and growth within the state.

Sports Apparel

The SGMA's broad definition of sports apparel states that it is "apparel designed for or that could be used in an active sport." During the 90's the sports apparel segment significantly outperformed the market as a whole, but over the last three years, consumer spending for sports apparel has slowed markedly and is now growing at about the same rate as the apparel market as a whole. In 2000 the sports apparel share of the overall apparel market was 20%.[34]

According to the SGMA the overall slowing of the sports apparel market, is the result of a range of factors, some of which are listed below.

- The apparel market is cyclical, and time-starved consumers have slowed their spending for apparel of all kinds, perhaps directing their dollars for other pursuits, such as entertainment, travel and electronics.
- Purchases of sportswear, especially for males, were undoubtedly spurred in recent years by the need to build a casual go-to-work wardrobe. It's possible that males now have the necessary foundation and have reduced spending.
- Sports-inspired looks from casual apparel brands clearly have cut into the sales of apparel by athletic companies. One response has been for the athletic companies to design some lines with more fashionable looks. This makes it even more difficult for the consumer to distinguish between sports and casual apparel. While this is a difference of small importance to the consumer, it can affect research data.
- As indicated by the declines in sales of sports licensed apparel, apparel with strong sports motifs has passed through a peak in the fashion cycle. In time, many observers believe, the wheel will turn once more in the favor of sports.
- Sophisticated mass marketing of licensed goods by entertainment companies has hurt the sports licensed market and, perhaps indirectly, the active sports segment. These entertainment interests have learned to use joint ventures with retailers, fast-food companies, on-line marketers and makers of a range of hard and soft goods to capture the imagination of young consumers and thus win their parents' dollars.
- Declining or stagnant participation rates in many team sports are probably affecting the market for active sports apparel, especially for children.

Sports Apparel Demographics

In 1999, individuals under the age of 20 wear about 43% of sports apparel, while individuals' aged 45 and older accounted for 25% of the market. The widening age gap between youthful and not-so-youthful wearers represents a multitude of challenges in designing, marketing and branding for sportswear manufacturers.

Women spend about 80% of all money that goes for sportswear. They control 96% of the dollars spent on their own clothes, 93% of those spent on children's and 60% of those spent for men's sports apparel.[35] Women largely control sports apparel spending in the U.S. Because of this two major restructurings occurred among athletic manufacturers in 2000. Nike reorganized to better serve women sportswear consumers, and Adidas established three distinct groups to serve the performance sports, leisure sports and fashion markets. These restructurings were in direct response to:

1. Women’s control over sports apparel spending
2. Women’s increased participation in a wide variety of sports
3. The growing importance of fashion looks

According to the National Sporting Goods Association, in the *State of the Industry Report* by President John D. Riddle, the changing demographic composition of the U.S. population will have important implications for the sporting goods industry. There are now five million fewer adults under the age of 35 than ten years ago. Over the next decade, the number of adults, aged 30-44, will drop by seven million, while those aged 45-70 will increase by more than 20 million. For example, with the number of adults aged 50+ increasing and the number of younger customers entering the marketplace declining, some experts expect retailers of hard goods to have a tougher time in the future.

Again, as stated in earlier discussion, this is a reason for the increasing size of the recreational sports market that Utah is well positioned to excel in. Utah should work with local and national manufacturers to help promote recreational sports, recreational sports equipment and Utah. Perhaps a co-branding or co-advertising agreement could be reached with manufacturers. This industry segment is going to grow. Manufacturers aren’t going to ignore it and Utah shouldn’t either.

On the other hand, the growing ethnicity of the U.S. population will create opportunities for clever marketers. Hispanics and Asian Americans seem to deserve special attention from sporting good marketers. Americans of Hispanic origin number 29.3 million and are expected to grow 42 million by the year 2010, a 75% increase from 1990. They will account for 14% of the U.S. population by 2010. Hispanic buying power is $356 billion, a 67% increase since 1990. Hispanics purchase $24 billion in clothing and shoes and their buying power is expected to triple by the year 2010. Obviously, they are an important market for soccer, baseball, athletic footwear, and sports apparel segments of the industry.

Another important and fast growing ethnic group is Asian Americans. They now number 10 million and represent only 3% of the American population, but their spending power is $225 billion. This will be the fastest growing ethnic group, with estimates of their ranks doubling in the next 25 years. Well-educated and not homogeneous, marketers will have a difficult time targeting this group and will be required to take different approaches according to the degree of acculturation to satisfy their specific needs.

Utah has a large number of diverse cultures and ethnic groups that reside here. In formulating any sort of campaign to promote sports and sports equipment/apparel Utah must segment out its ethnic groups. Because people of different ethnicities have varying interests, it would be valuable for Utah to exploit this information in order to tailor to each groups wants. In addition, research should be conducted to assess the buying habits and interest of these groups. This research might also assist in making decisions about which small economic impact sports add to the quality of life for particular groups of people. One such sport is team handball (see the sports profile section of this report).

Licensed Sporting Goods

According to Street & Smith's *Sports Business Journal* (December 20-26, 1999), the annual market for sports-related licensed goods is $15.1 billion, distributed as follows:

- Apparel/footwear: $8.8 billion
- Home (house wares, furniture, etc.): $990 million
- Media (electronics, software, videos, music, books, toys and games): $3.63 billion
- Miscellaneous: $1.68 billion

According to *The Licensing Lette*r, retail sales of all licensed merchandise in the U.S. and Canada for 1999 was around $74 billion. According to *Sporting Goods Busines*s, estimated wholesale revenues for licensed companies/brands in 1998 were as follows:

- Starter: $300 million
- Pro Player: $213 million
- Logo Athletic: $200 million
- VF Knitwear: $190 million
- Champion: $185 million
- Nike: $150 million
- Majestic: $120 million
- New Era: $107 million
- Haddad: $100 million[36]

EXPORTS, IMPORTS, RETAILING, AND THE INTERNET

Although we were unsuccessful in finding specific Utah information in regards to exporting, importing, retailing and the Internet, information has been compiled in **Appendix 7** to address this subsegment of sporting goods. It was included as a matter of completeness as well as to increase the readers understanding of this segment for the purposes of formulating strategies surrounding sporting goods.

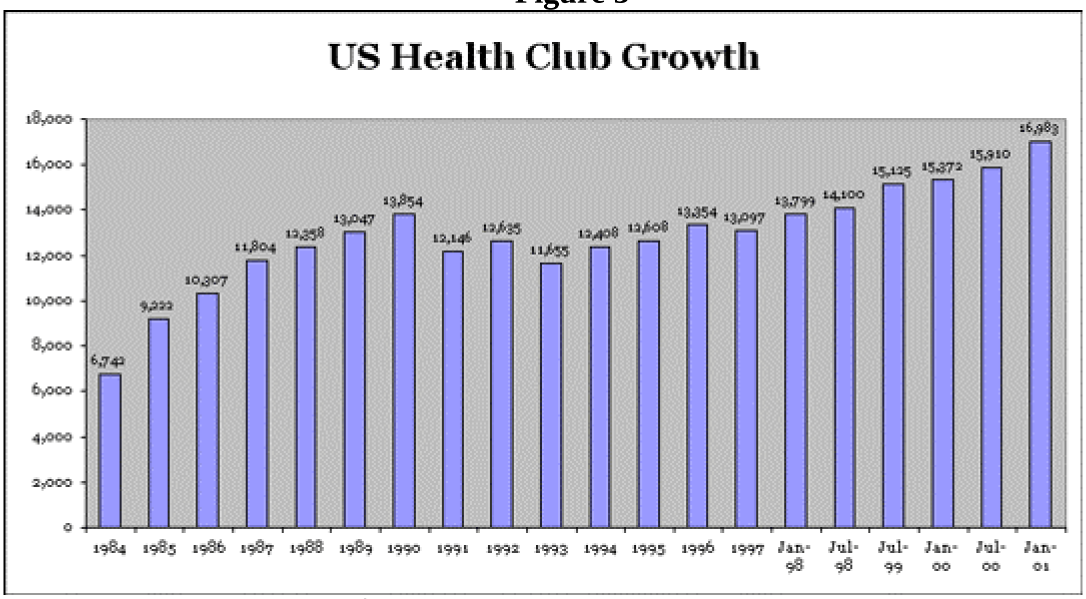
HEALTH AND FITNESS

The Health and Fitness industry has experienced steady growth over the last two decades. Humans are staying healthy and living longer through enhanced Sports Medicine and Exercise Science. Health clubs are also springing up all over the country.

Health Clubs

The leadership and market size of the exercise and equipment market is changing rapidly due to the increasing number of individuals exercising at health clubs. In the year 2000, 54.4 million Americans over the age of 6 (22% of the population), exercised at a health club. This was a 7% rise over the projected 30.6 million for 1999.[37] Over the last ten years we've seen a 40% increase in US Health Club growth (see **Figure 3**). Bally's Health Club is the largest health club chain in the U.S.

Figure 3

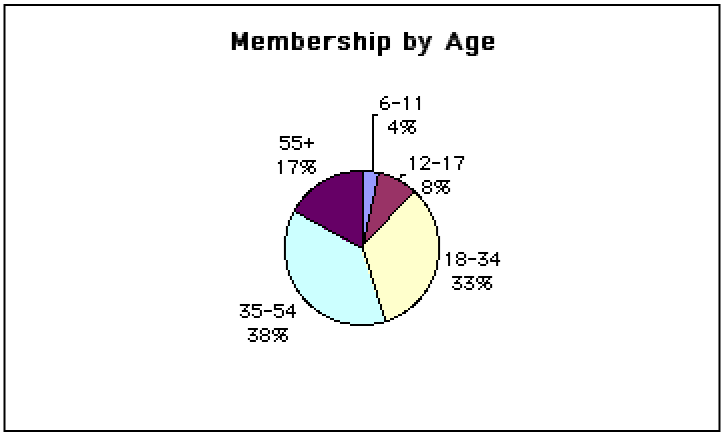


Source: American Business Information, Inc.
Figures reflect a count of the number of businesses listed in Yellow Page directories (SIC code 7991).

Demographics

Health club demographics have experienced a major shift over the past decade. In 1987, the majority of health club members (62%) were under the age of 35. Today the majority of health club members (55%) are over the age of 35. In the decade between 1987 and 1999, even before the first Baby Boomer turned 55, the fastest growing membership segment of the health club industry was adult men and women over the age of 55. This market segment, in relative percentages, grew four times as fast as young adults 18-34, and twice as fast as adults, 35 to 54 did. A breakdown of health club membership by age for the year 2000 can be seen in **Figure 4**.

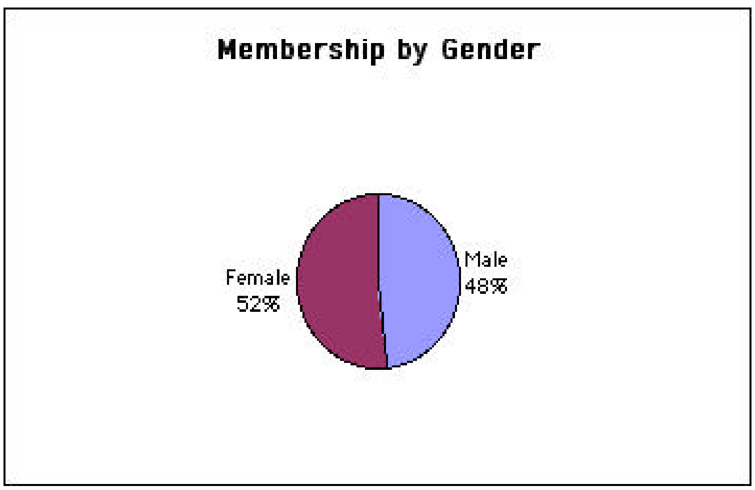
Figure 4



Source: IHRSA / American Sports Data Health Club Trend Report.

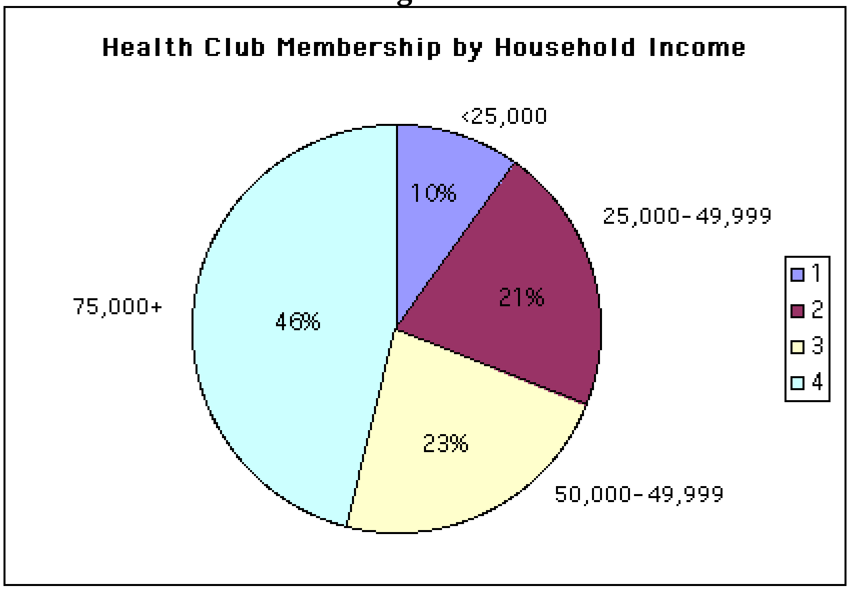
While women represent slightly more health club members than men, their membership numbers have grown by 81% since 1987 as compared to the nearly 71% growth in the numbers of men in clubs. For a breakdown of health club membership for the year 2000 based on gender, household income, and industry sector see **Figures 5, 6, and 7** respectively.

Figure 5



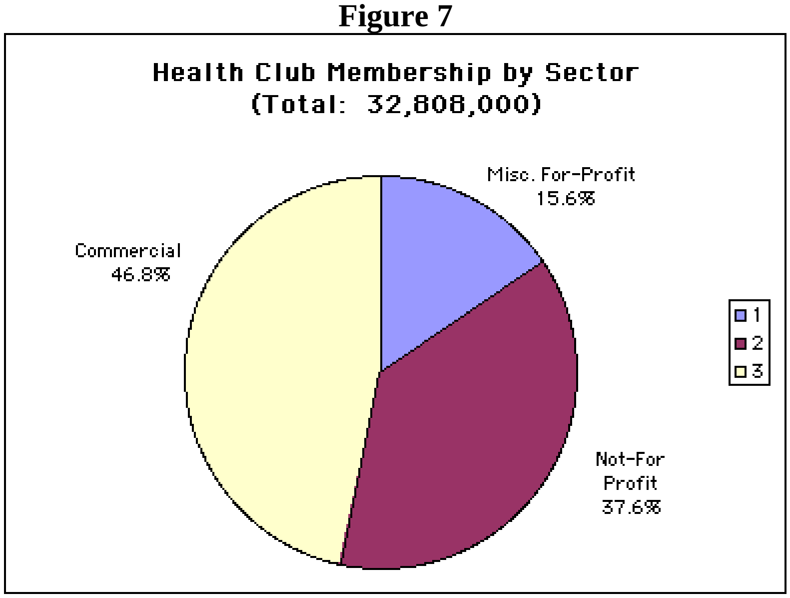
Source: IHRSA / American Sports Data Health Club Trend Report.

Figure 6



Source: IHRSA / American Sports Data Health Club Trend Report.

Figure 7



Source: IHRSA / American Sports Data Health Club Trend Report.

Taking on a New Look

Within the health club industry there has been a tremendous growth in the popularity of yoga. In 1995, 38% of International Health Racquet & Sports clubs Association (IHRSA) clubs offered yoga classes; that number rose to 74% in 1999.[38] The increasing popularity of yoga classes in addition to a fairly new trend of Pilates-type classes is causing the typical health club to take on a new look. Many health clubs and fitness centers now offer a wide range of facilities, programs and services consumers would not typically associated with a club. For example, many health clubs now provide physical therapy –in 1999, 38% of clubs responding to an IHRSA survey offered physical therapy, up from only 29% in 1994. In the same survey, the percentage of clubs offering spa services rose form just 16% in 1994 to 22% today, and that number continues to rise.[39]

The executive director of IHRSA stated "It makes sense for health clubs to add these services, as health club members have become increasingly interested in a more holistic approach to physical fitness."

MEDIA AND BROADCASTING

Sports Media is defined as the news and events surrounding the world of sport. Once the lone domain of newspapers, sports media has evolved into radio shows, television shows and now specialty sites on the Internet. Television accounts for about 30 cents of every dollar in major-league revenue. In 1996, sports programming produced one of every four advertising dollars. Sports consumed 2,100 hours on the four main broadcast networks in 1996. That's 40 hours a week, 52 weeks a year, that viewers can sit at home and watch everything from the Super Bowl to bowling. And that does not count ESPN's 24 hours a day and the output of the other cable networks.[40]

Television in America

The average American spends, on a typical day, over nine hours watching television, listening to music or the radio, going to movies, reading magazines, viewing videos, surfing the Net or otherwise enjoying some form of entertainment. That same average American will spend $674.59 on entertainment in 2000, an amount projected to increase to $814.11 per person by 2003 (*Wired* magazine, May 2000). The most popular communications medium remains television with 44% of the roughly 10 hours Americans spend on various media per day.[41] With so many Americans watching television, the exposure that Utah can gain from hosting televised sporting events is enormous.

Changing Industry

Sports, perhaps more than any other aspect of American life, has been changed by television. TV has made sports a multibillion-dollar industry. In the process, athletes have been transformed from mere heroic figures, able to throw farther and run faster than other mortals, into highly skilled, highly paid commodities, props to boost ratings and sell advertising (as discussed in the value chain section on pages 34-37). It is difficult to separate where television starts and sports stops. They are so interdependent upon each other. The networks need high-visibility programming to stay alive; the sports leagues provide it. The leagues, in turn, need the exposure the networks provide and the billions of dollars they pay for coverage rights. A major sporting event is an ideal place to promote the rest of the network programming.[42] According to Pitts and Stotlar (1996), the exposure of sport through the media and television in particular "has influenced the awareness of sport, the popularity of sport, and the participation in sport" (p. 9).[43]

Television has even changed the games themselves. To accommodate commercials, almost every sport now has superfluous or longer-than-needed timeouts. Games are often longer, their rhythms different, and their strategies sometimes altered. For example, football games often used to end in ties. But ties are unsatisfying for the viewer who has watched for three hours. So, in 1974, the National Football League instituted sudden-death overtime. Perhaps most significant, television has made the millions of fans at home far more important than the thousands in the stands. For example, nationally televised West Coast baseball games are scheduled for 5 p.m. local time, which is highly inconvenient for most fans leaving a job and trying to make the start of the game. But it's perfect for catching the largest audience in the East.

Media Giants

There are six major networks broadcasting sports in the United States. The three major networks (ABC, CBS and NBC) have broadcast sports events since the rise of sports popularity in the United States. They have been joined by three cable networks (CNN/SI, ESPN, and Fox) which have recently increased in popularity to challenge the major broadcast networks.

Over the past decade, America's Media has been overwhelmed with mergers that have produced a complex web of business relationships. These relationships allow cross promotion and selling of talent and products among different companies owned by the same parent corporation.

As of February 2001, the four U.S. media giants are AOL Time Warner, Viacom, Walt Disney, and News Corp. Several large American media divisions have recently been bought by Bertelsmann AG, a privately owned German media conglomerate.[44]

AOL Time Warner

AOL Time Warner is the largest media conglomerate worldwide. The $165 billion mega-merger between AOL and Time Warner, approved by the FCC in January 2001, is the largest media merger in history. AOL Time Warner's has ownership in several sports-centered networks, magazines, and even teams/events including the Atlanta Braves, Atlanta Hawks, Atlanta Thrashers, Turner Sports, Goodwill Games, Time Warner Sports, CNN/SI, TNT, Sports Illustrated, Ski, and Golf Magazine.

Viacom

Behind AOL Time Warner is Viacom with $20,044,000,000 sales in 2000. In May 2000, Viacom and CBS united in a $50 billion merger. It controls several networks which broadcast various sporting events including CBS, UPN, MTV, Infinity Broadcasting, Nickelodeon, TNN, and SET Pay-Per-View.

WALT DISNEY COMPANY

The Walt Disney Company is the third largest global media conglomerate. Its FY 2000 revenues topped $25 billion with 17% coming from media networks. Disney owns the Mighty Ducks of Anaheim and has partial ownership of the Anaheim Angels. Its networks include ABC, the Disney Channel, and partial ownership of ESPN. Disney also owns ABC.com, Disney.com, ESPN Internet Group, NFL.com, NBA.com, NASCAR.com, and 60% of Soccernet.com. ESPN Magazine, ABC Radio Networks, and ESPN Radio are also a part of the powerful parent corporation.

NEWS CORP.

Based in Australia, Rupert Murdoch's News Corporation Limited has diversified media holdings in the U.S., Canada, Europe, Australia, Latin America, and Asia. As of September 2000, its assets totaled $38 billion and total annual revenues approximate $14 billion. News Corp. is currently in talks to acquire DirecTV, the largest satellite television provider in the U.S. Its networks include FOX Broadcasting Company, FOX Sports, and the Golf Channel. The Golf Channel grew from 300,000 subscribers in 1996 to over four million. News Corp. also owns, or has partial ownership of the Los Angeles Dodgers, New York Knicks, Los Angeles Lakers, and Madison Square Garden.

BERTELSMANN AG

Bertelsmann AG, a privately owned German media conglomerate, is a global publishing and media force. Its 2000 sales figures topped $15 billion. In November 2000, Bertelsmann made a strategic operating agreement with Napster, lending the Internet music provider $50 million to design technology that would force users to pay to download music files. The company intends to use Napster's file-sharing technology as a platform to allow users to download other media products, including film, television, and books.[45] Along with Napster, Bertelsmann owns 16 European TV stations and 17 radio stations, AOL Europe, Barnesandnoble.com, BMG, and Fitness magazine.

See **Appendix 8** for financial information and details on what each of these companies own. Other large competitors for consumers of sports entertainment are spotlighted below.

Turner Broadcasting Systems, Inc.

Turner Broadcasting System, Inc. launched CNN/SI with *Sports Illustrated* in December 1996. Both Turner Broadcasting and *Sports Illustrated* are units of AOL Time Warner, Inc. In July 1997, CNN/SI announced it expected to pass the ten million-subscriber mark with the completion of several new distribution deals. The biggest deal is with Sport-Channel Florida, a regional cable TV channel that reaches about three million homes.

Other cable networks are specialized players in the sports broadcasting field.

ESPN

ESPN is the market leader in sports cable network services. According to the National Cable Television Association, ESPN shared leadership with CNN in coverage among all cable networks with 71 million subscribers. ESPN was started as a local Connecticut sports channel in 1979. The network's success has resulted in equity stakes in 19 foreign networks, a widely used Internet service, and the ESPN theme park attraction. ESPN2, focusing on live-event coverage, is the decade's fastest growing cable channel. It is currently in 39 million households after launching with ten million.

Fox Sports Network

Fox Sports Network, a joint venture of Rupert Murdoch's News Corporation and Liberty Media, debuted in November 1996 with 20 million viewing households. Sports Net is a cluster of nine regional cable sports networks with a foundation of local game action, but with national sports news that can be inserted locally. Fox Sports Net reaches approximately 50 million subscribers. In mid-1997, Fox Sports Network purchased 40% of Cablevision's Rainbow sports assets. Those assets include the Madison Square Garden, the New York Knicks and Rangers franchises, and eight regional sports channels.

With several sports cable networks already satisfying viewers, future entrants will find a very competitive market. With 27,000 cable systems in the United States, more than 100 new cable channels have emerged in the United States in the 1990s.

The annual sports market for media broadcast rights is $10.57 billion, distributed as follows:

- Big Four pro league telecast rights: $8.87 billion
- Collegiate telecasts: $987 million
- Other telecasts: $270 million
- Radio: $443 million

According to Street & Smith's *Sports Business Journa*l, the 20 regional sports networks and their number of subscribers as of mid-1999 were as follows:

- Fox Sports Net South: 7.3 million subscribers
- TSN: 7.2 million subscribers
- Madison Square Garden Network: 6.93 million subscribers
- CTV Sports Net: 6 million subscribers
- Fox Sports Net Southwest: 6 million subscribers
- Fox Sports Net West: 4.6 million subscribers
- Sunshine Network: 4.6 million subscribers
- Home Team Sports: 4.5 million subscribers
- Fox Sports Net New York: 4.4 million subscribers
- Fox Sports Net Ohio: 3.9 million subscribers

- Sports Channel Florida: 3.5 million subscribers
- Fox Sports Net Chicago: 3.3 million subscribers
- Fox Sports Net New England: 3 million subscribers
- Fox Sports Net Rocky Mountain: 3 million subscribers
- Comcast SportsNet: 2.7 million subscribers
- Fox Sports Net West 2: 2.7 million subscribers
- Fox Sports Net Northwest: 2.5 million subscribers
- Fox Sports Net Detroit: 2.35 million subscribers
- Fox Sports Net Bay Area: 2.2 million subscribers
- Fox Sports Net Pittsburgh: 2.1 million subscribers

Some of the major television rights contracts include:

- National Football League (CBS, Fox, ABC, ESPN): $17.6 billion for 1998-2006; $2.2 billion average annual value
- National Basketball Association (NBC, TNT, TBS): $2.64 billion for 1999 2002; $660 million average annual value
- NASCAR (NBC, TBS, Fox, FSN): $2.4 billion for 2001-2008; $400 million average annual value
- Major League Baseball (NBC, ESPN, Fox, FSN): $1.69 billion for 1996-2000; $335.4 million average annual value
- NCAA Tournament (CBS): $1.725 billion for 1995-2002; $215.6 million average annual value
- NCAA Tournament (CBS): $5.45 billion for 2003-2013; $545 million average annual value
- National Hockey League (ABC, ESPN): $600 million for 1999-2004; $120 million average annual value
- NCAA football Bowl Championship Series (ABC): $75 million for 2000-2006; $75 million average annual value

Sports on the Radio

Annual sports radio advertising revenues are $2.2 billion and broadcast rights fees are $443 million. Simmons Arbitron Rating estimates that 41.8 million people listen to sports radio at least once a week.

Approximately 150 radio stations nationwide have adopted all-sports formats. Although their audiences are dwarfed by market-leading rock stations, broadcast analysts say sports stations are a good way to sell products aimed at the male audience, since more than 65% of sport-radio listeners are men.

Sports on the Net

Technology – cable television, VCRs, video rentals, and the onset of the Internet and personal computers – has given Americans many more options of how to use their free time. Because of these changes, overall network ratings have declined quickly. A recent study showed that 64% of people who have Internet access now spend much less time watching television. The combination of television programming and Internet access (via modems and cable TV systems) are changing the face of entertainment in the home.[46] The annual U.S. sports-related Internet market is $300 million. $295.5 million is revenue from advertising and $4.5 million in revenue from access fees. Although it may be three or four years before sports sites generate major profits, current sites are jockeying to build a large following in anticipation of these future opportunities. ESPN.com has emerged as the highest-rated sports Web site in the business. According to the 2000 figures compiled by Media Metrix, ESPN.com attracted 7.1 million users, followed by NFL.com with 6.4 million, and CBS.Sportsline.com with 6.1 million.

Rounding out the top 10 are CNNSI.com with about 2.5 million users, sandbox.com with 1.8 million, fansonly.com and Foxsports.com at 1.7 million, NASCAR.com and majorleaguebaseball.com at 1.5 million, and Broadbandsports.com and NBA.com at 1.2 million.[47]

TopSitesLinks.com ranked the top sport media sites as follows:[48]

1. ESPN
2. CNN Sports Illustrated
3. CBS Sportsline
4. Fox Sports
5. ABC Sports
6. MSNBC
7. Euro Sports

The ESPN web site, the SportZone, is a model for what makes a web site appealing. Users can keep an eye on the scores of all the games being played that day, and many other interesting features on the world of sports. Starwave Corporation, a leading Internet programmer of sports, entertainment and family sites, sold a one-third stake to Walt Disney Company for $80 million to $100 million in late 1997. The on-air promotion from ESPN (owned by Disney) has helped make Starwave's SportsZone, which evolved into ESPN.com, the leading Internet sports site in traffic and advertising.

ESPN SportsZone was the first major Web site to allow viewers to pay for services on a daily basis, likely encouraging other Internet services to offer similar potentially lucrative methods of payment. SportsZone, which does not disclose subscription numbers but claims it is visited by at least three million users a day, did not expect the daily passes to generate a tremendous amount of new business immediately. However, the venture does expect the micro payment plan to lure viewers who would not normally subscribe, including those who might want to see a particular event, like the cybercast of an NBA game. Much of the content on SportsZone's site is available at no charge, but for a fee viewers can access additional content, such as video highlights and statistics. Eventually, all kinds of sites will embrace the new micro payment method. Boston researcher Yankee Group, which tracks the online industry, reported micro payments for online content games could reach $350 million by 2000. In an interview with *The Wall Street Journa*l, Yankee Group analyst Dan Amdur said it is "a part of the market that has been untapped so far."

New Services

Sports fans are benefiting from the expanding role of sports on the Internet.
New sports news services compete to provide the most up-to-date and complete sports statistics, allowing fans everywhere to keep up with their favorite teams. Television channels typically have full contractual rights for real-time video of these events, but use the Internet for other options, including real-time statistics and graphics.

Sports in Print

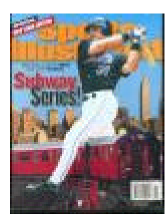
According to Street & Smith's *SportsBusiness Journal* (December 20-26, 1999), the annual U.S. market for sports-related publications and videos is $2.12 billion, distributed as follows:

- Magazine circulation revenue: $992 million
- Videos/video games: $752 million
- Books: $450 million

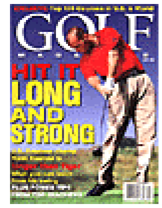
Professors Richard J. Cebula and Willie J. Belton, Jr. (Georgia Institute of Technology) estimate sports magazines generate gross retail, subscription, and advertising revenues of $4.2 billion annually. Gross retail sales revenues from sports books are approximately $350 million to $375 million annually.[49]

According to Street & Smith's *SportsBusiness Journal* (September 1999), based on data from the Audit Bureau of Circulation, 1999 Competitive Media Reporting, and Standard Rate and Data Service (SRDS), the leading sports periodicals based on 1999 average circulation per issue were as follows:

- Sports Illustrated: 3,281,395
- Golf Digest: 1,665,038
- Golf: 1,557,814
- Sport: 1,403,685
- Fitness: 1,003,113
- Hot Rod: 819,017
- ESPN The Magazine: 800,263



- Road & Track: 755,710
- Sports Illustrated for Kids: 743,090
- Tennis: 707,884
- The Sporting News: 549,222
- Women's Sports & Fitness: 546,753
- Runner's World: 511,362
- Men's Fitness: 502,153
- Muscle & Fitness: 491,633
- Skiing: 402,909
- Ski: 402,211
- Golf for Women: 349,805
- Cycle World: 312,254



Sports Venues

Wherever sports are played you are sure to find a facility designed for the enjoyment of sport or entertainment. It might be a simple field with small bleachers or quite possibly a 100,000-seat stadium. Other definitions of sports venues include; city parks, natatoriums, tennis complexes, golf courses, and multi-use entertainment venues.

Stadiums and Arenas

According to Street & Smith's *Sports Business Journal*, based on data provided by the U.S. Census Bureau, F.W. Dodge and *Engineering News Recor*d, annual sports facility construction in the U.S. amounts to $2.49 billion. Stadium and track construction accounts for $1.7 billion of the total, and arena construction is $790 million.

During the 1990s, more than $16 billion was spent on professional and college sports stadiums and arenas, according to Dennis Howard, a University of Oregon sports marketing professor. That compares with just $3 billion spent in the 1970s and 1980s combined. Fitch Investors Services estimated that between 1997 and 2001, 40 new professional sports stadiums and arenas were to be constructed at a total cost of $7 billion.

There is a premium on facility-related revenues for professional teams. Unlike fees paid by television networks and general admission revenues, a stadium's income from premium seats, concessions, stadium advertising, and parking generally does not have to be shared with other teams in the league.

Professional sports teams are becoming more corporate, taking them further away from the reaches of the average fan. Luxury suites, permanent seat licenses, and club seats are increasingly being built into new venues in order to generate extra revenue. According to Roger Noll, when the new stadiums and arenas oriented toward increasing the size and gate are completed, the next demand from owners could be for stadiums with only luxury boxes. Instead of 75,000 spectators, there would be an audience of 5,000, paying astronomically high prices. About half of the 115 professional hockey, football, basketball, and hockey teams are looking for new and/or renovated facilities, complete with luxury seats and skyboxes.

The sports building boom may end because new stadiums are not so special if everyone has one. By 2001, 26 of 29 NBA teams will play in arenas less than 13 years old. Of the 28 NHL teams, 21 will be in buildings less than eight years old.

Colleges build and upgrade their sports facilities for many reasons. The constituencies that spur the most construction spending are new students, recruited athletes, and alumni. To draw new students, schools are building recreational facilities that resemble health clubs rather than the traditional college gym. In large private schools, where many students' parents belong to health clubs, the students want what they had at home. Universities are also realizing the value of skyboxes. For example, the 72,000-seat Gator Bowl (Jacksonville, Florida) completed an extensive reconstruction project, which included 12,000 premium seats. The seats account for 60% of game revenues.

During the 1990s, over 50% of the dollars spent on new sporting venues have come from the public sector. Taxpayers have voted down many proposed projects, and there is an increasing reluctance to spend taxpayer’s money on such facilities.

While pro teams argue that big-time sports spawn economic development and raise tax revenues, economists criticize stadium boosters for overstating the benefits by treating consumer spending money as “new” when it is merely being diverted from other forms of recreation. A study of nine cities from 1965 through 1983 found no significant relationship between economic growth and the arrival of new teams or stadiums (as was discussed earlier on pages 39-40).

Based on revenue data for 1999, the *Engineering News Record* (ENR) ranked the top ten firms in sports facility construction as follows:

1. Hunt Construction Group--$583 million
2. The Turner Corp.--$472.8 million
3. PCL Construction Enterprises Inc.--$205 million
4. Barton Malow Co.--$126 million
5. Kellogg Brown & Root--$125 million
6. M.A. Mortenson Co.--$113.1 million
7. Skanska (USA) Inc.--$77 million
8. Manhattan Construction Co.--$75 million
9. Morse Diesel International Inc.--$65 million
10. Bovis Lend Lease Inc.--$58 million

In Utah, some of the leading firms and projects include:

- Jacobsen Construction—headquartered in Salt Lake City, they have completed several large projects throughout Utah and the Western U.S. Their sports related facilities include the Olympic Park—managed the construction of the Winter Sports Park, West Valley E Center (in conjunction with Turner Construction), Joe Quinney Winter Sports Center, and Empire Canyon—a restaurant and skier services in Deer Valley. They ranked 183rd on the 2001 ENR Top 400 Contractors.
- The Layton Cos. Located in Sandy, Utah was ranked 90th on the 2001 ENR Top 100 Design/Build Firms and 122nd on the 2001 Top 400 Contractors.
- Edwards & Daniels Architects developed the design and engineering work for the Utah Winter Sports Park.
- Sahara Construction – established a joint venture with Ohbayashi Corporation for the construction of the 743,000 square foot base Delta Center. Sahara also acted as General Contractor for the 7.6-acre pedestrian plaza and the interior tenant improvements within the building. FFKR Architecture/Planning/Interior Design of Salt Lake City worked closely with the construction team to provide design drawings and resolve design issues during the construction process.
- Other Utah companies on the 2001 ENR Top 400 Contractors list include:
  - Big-D Corporation--#149
  - Okland Construction--#17
  - R&O Construction--#327
  - Bodell Construction Co.--#392

Youth in Sports

The findings of the Sporting Goods Manufacturers Association's (SGMA) Superstudy® (conducted by American Sports Data, Inc.) confirm that diversity is the key to youth participation in team, fitness, outdoor, and recreational pursuits. The U.S. youngster likes to ‘try it all.' **Table 4** lists the most popular Sports for Youth.

Table 4

Most Popular Sports for Youth Based on "Frequent" Participation (Ages 6 - 17)	
Activity	# Participants for 2000
1. Basketball (25+ days/year)	11,107,000
2. Recreational Bicycling (52+ days/year)	10,695,000
3. In-line Skating (25+ days/year)	7,679,000
4. Recreational Swimming (52+ days/year)	7,649,000
5. Soccer (25+ days/year)	7,255,000
6. Baseball (25+ days/year)	4,751,000
7. Recreational Walking (52+ days/year)	4,481,000
8. Calisthenics (100+ days/year)	3,448,000

9. Running/Jogging (100+ days/year)	3,368,000
10. Freshwater Fishing (15+ days/year)	3,106,000
11. Stretching (100+ days/year)	3,031,000
12. Touch Football (25+ days/year)	2,901,000
13. Slow-Pitch Softball (25+ days/year)	2,785,000
14. Court Volleyball (25+ days/year)	2,730,000
15. Skateboarding (52+ days/year)	2,440,000

Youth Sports Trends

Among sports and activities that include a high percentage of young people ages 7 to 17, three sports/activities attracted more than 10 million young people in 1999 -- bicycle riding (18.1 million), in-line skating (15.5 million) and basketball (14.0 million). Fishing, soccer and baseball each attracted approximately 9 million youth.

The emergence of the extreme-sports has had a significant impact on America's youth. With the exception of golf, inline skating, snowboarding, roller hockey and off-road mountain biking accomplished the greatest growth since 1990.
Looking at team sports (baseball, basketball, soccer, softball and volleyball) participation among 7 -11 year olds, growth has been in basketball and soccer, where participation increased a significant 24% and 22% respectively. In the five-team activities, male participation has risen in three sports; female participation has increased in two. Female participation exceeds that of males in only two sports (volleyball and softball) and not by much.[50]

Organized Teams

Recreational leagues, be it Little League, Amateur Softball Association, Bobby Sox Softball, AAU Basketball, Pop Warner Football or American Youth Soccer Association, are prevalent youth organizations in our society. Organized teams include school teams at all levels, locally organized teams and teams with national or regional governing bodies – all of which play scheduled games according to established rules. Organized Youth Sports Participation by Sex in 2000 as reported by American Sports Data was as follows:

	In millions	Percent of age group
Boys	14.760	59.4%
Girls	11.396	48.1%
Total	26.156	53.9%

In December 2000, American Sports Data, Inc. (sponsored by the SGMA) conducted a survey that is believed to be the first to probe the dimensions of participation in organized youth sports in the U.S. Results of the survey were published as the "Organized Youth Team Sports Participation in the U.S." report. It found that 26.2 million youngsters aged

6 – 17 played on at least one organized sports team. That figure represents 54% of the 48.5 million children that age in the country. Another 20% or about 10 million children play team sports, but only in casual pick-up situations, not as part of an organized team.[51]

The average organized team member plays on 1.9 organized teams. Organized basketball attracts the most members, with slightly more than 10 million players, followed by soccer with 9.6 million, baseball with 7.5 million, slow-pitch softball with 3.6 million and tackle football, with 2.9 million. The specific information given in the report can be found in **Tables 5, 6, 7 and 8**.

In all measures, organizations with national governing bodies (such as Little League, Pop Warner and American Youth Soccer) received higher satisfaction ratings than organized sports as a whole.

Table 5

Team Sports Participants, Aged 6 - 17		
	Total	Percent of Total (in millions)
No organized team	10.004	27%
Organized team	26.156	73%
Total	36.16	100%

Source: American Sports Data, Inc.

Table 6

Frequent Players of Major Team Sports, Aged 6 – 17 (in millions)				
(Played 52 or more times)	Total	Organized Team	Not Organized	Organized Percent of Total
Basketball	3.484	2.864	0.62	82%
Baseball	2.292	2.24	0.052	98%
Football (Tackle)	1.345	1.259	0.086	94%
Soccer	2.378	2.223	0.155	93%

Source: American Sports Data, Inc.

Table 7

Number of Organized Team Sports Played (Percentage of team members aged 6 - 17)				
1 sport	2 sports	3 sports	4 sports	5 or more
44%	30%	17%	6%	3%

Source: American Sports Data, Inc.

Table 8

Most Popular Organized Sports for Youngsters Aged 6 - 17 (Participants in millions)	Total	Males	Females	Percent of Age Group*
Basketball	**10.022**	6.231	3.790	20.7%
Soccer	**9.592**	5.400	4.192	19.8%
Baseball	**7.483**	6.836	0.647	15.4%
Slow-Pitch Softball	**3.563**	0.772	2.791	7.3%
Tackle Football	**2.867**	2.867	n/a	5.9%
Swimming/Diving	**2.714**	1.165	1.548	5.6%
Track & Field	**2.548**	1.328	1.220	5.3%
Volleyball (Court)	**2.396**	0.363	2.033	4.9%
Cheerleading	**1.873**	0.086	1.787	3.9%
Touch Football	**1.439**	1.218	0.221	3.0%
Fast-Pitch Softball	**1.357**	0.018	1.339	2.8%
Tennis	**1.095**	0.573	0.696	2.3%

Source: American Sports Data, Inc.

* For example, 20.7% of all those aged 6 - 17 played organized basketball in 2000

Other findings from the Organized Youth Team Sports Participation in the U.S report include:

- Girls are extremely active in organized sports, the survey found. They account for 44% of all team members. Some 11.4 million girls aged 6 - 17 (48% of all girls) are members of an organized team, compared to 14.8 million boys (59% of all boys). The National Federation of State High School Associations has reported that girls now comprise more than 40% of all high school athletes, up from 35% in 1989.
- Of the 48 million 6 - 17-year-olds, 26.2 million are members of an organized team, while 10.0 million play team sports on a pick-up level.
- Focusing on the four major team sports (baseball, basketball, football and soccer), the survey found that those who play on an organized team are much more likely to be frequent players, that is, players who participate at least 52 times a year. For example, 98% of frequent baseball players are on organized teams, as are 94% of frequent football players, 93% of frequent soccer players and 82% of frequent basketball players.
- Multi-sport players who switch organized sports with the seasons throughout the year are in a minority. Almost half (44%) of all organized team sport players are involved with only one organized sport, while another 30% are involved with two. Seventeen percent play three organized sports and only 9% play four or more.
- The average male organized player is involved with 2.0 organized team sports, the average female with 1.9. When participation in unorganized sports is included, however, the average team sport player participates in 4.1 team sports.
- Households with organized youth team sport members have an average annual income of $64,500, 15% higher than the average of $56,200 for all families with

children aged 6 - 17. One-third (33%) of all households with organized youth sport players have incomes of $75,000 or more.
- When asked about various benefits of youth sports, 97% of parents agreed with a statement that it improved their children's physical fitness, 93% agreed that it promotes personal growth, 86% agreed that it encourages more wholesome lifestyles, 84% agreed that it promotes good moral behavior and 73% agreed that it promotes healthier eating habits.

These finding tends to support the idea that organized participation is growing while pickup play is declining. Not only do more players belong to organized teams, but they account for the great majority of frequent players. In addition, parents are becoming increasingly aware of the fact that team sports makes for a happier, healthier child. Based on this increase in team sport participation we conclude that team sports will continue to grow. As a result, the number of amateur athletic events will also increase. If Utah will work hard to form lasting relationships with event coordinators, organizations and governing bodies, they have the potential to position the state as a forefront leader in this wave of growth. By focusing on amateur sporting events and organizations, Utah will be enable youth to form lasting relationships that will contribute to an improved quality of life, as well as positive economic impact for the state.

Professional Services

The growth of the sports industry has required companies to employ more “business professionals”, common to every industry, large or small. Some of these services include sports law specialists (both as in-house counsel or independent counsel), graphic designers, accountants, information system managers, and agents. Employers occasionally need a lawyer to handle sports related law problems or an accountant to handle the financial responsibilities of a sports company.[52] There are approximately 3,000 students that graduate from college each year with sports business management degrees.

The annual sports-related market for professional services is $14.03 billion, distributed as follows:

- Agents: $220 million
- Marketing Agencies: $2.37 billion
- Facility Management and Consulting: $5.74 billion
- Financial, Legal, and Insurance Services: $5.7 billion

International Management Group (IMG) is the unprecedented leader. IMG is so much bigger than its competitors that they define the industry. IMG has 2,000 employees, 77 offices in 38 countries, and annual billings of more than $1 billion. Client representation is approximately 30% of IMG’s business, another 30% is producing sporting events that IMG sells to the networks, and the remainder consists mostly of organizing events and finding corporate sponsors to support them in exchange for the exposure sponsors anticipate receiving. The agency owns or manages more than 1,000 special events. Its television subsidiary, Trans World International, claims to be the world's largest independent producer of sports programming, providing close to 2,000 hours of shows annually.

Spectator Sports

In 1999, the annual market for spectator sports is $22.56 billion, distributed as follows:

- General admission gate receipts: $10.47 billion
- Premium seating: $3.25 billion
- On-site game-day concessions/merchandise/parking: $8.84 billion

According to the 1997 Survey of Public Participation in the Arts (most recent data available), 41% of the total U.S. adult population (195.6 million) attended sporting events, up 37% from 1992. 49% of men and 34% of women attended the event.

An ESPN/Chilton sports poll released October 1996 asked 11,000+ residents which of three categories – Avid Sports Fans, Sports Fans, or Non-Sports Fans – reflected their sports attitudes. Numerous Utahns ranked themselves as avid sports fans, placing Utah as 6^{th} on the Avid Sports Fans List.

Sports Education

Annual sports-related expenditures in the educational sector are approximately $34.0 billion. According to the North American Society for Sport Management in Canada, 200 colleges and universities nationwide offered undergraduate degrees or courses in sports management in 1997, up from 20 in 1985. The growing number of programs is as much a response to student demand as it is a way to capitalize in the growth of the sports industry over the last dozen years. Other factors include the boom in sports channels and programs on cable television, corporate America's realization that sports sponsorships, advertisements and team ownership can be very profitable, expansion of major and minor league teams, and the creation of new leagues like the Women's National Basketball Association and Major League Soccer.

Lovejoy's College Guide listed Brigham Young University as having a program in sports management and athletic administration.

Sports Associations

Associations and organizations represent the governing bodies of sports. Almost every sport or industry segment has an official organization or association over seeing it. The main responsibility of these associations and organizations is to guide its members in areas of governing laws, business practices, competition playoffs, and championships. Each association, for example, will represent its particular industry segment in political matter, protecting against unfair legal practices that might restrict business of its members. Examples of these associations or organizations include:

- The National Association of Sports Commission
- The Sporting Goods Manufactures Association
- The Professional Golfer's Association
- The National Athletic Trainer's Association
- The National Hockey League Players Association
- The National Association of Collegiate Directors of Athletics

Sports Travel

Tim Schneider, Publisher & Editor of Sports Travel Magazine, estimates the annual U.S. spending for sports-related travel in 1999 to be over $100 billion. According to the Travel Industry Association of America, Sports event travel is a $30 billion a year industry in the U.S. In the past five years, 75.3 million U.S. adults attended an organized sports events, competition or tournament as either a spectator or as a participant while on a trip of 50 miles or more, one-way, away from home. Baseball leads as the most preferred sports event during travel, followed by football, basketball and auto/truck racing. Here are some facts about sports-event travelers.[53]

- Attending the sports event is the primary purpose of trip for most sports event travelers (76%).
- Most sports event travelers are spectators (84%). One-fourth of all sports event travelers attended events to watch their children or grandchildren play.
- Two out of five sports event travelers made a special purchase of sports equipment or clothes for their trip, spending an average of $119 each.
- Summer is generally the most popular season for sports events travel.
- Most sports event travelers stay overnight in a hotel, motel or bed and breakfast (52%). Although a higher percentage stay in a hotel/motel/B&B, sports events travelers average fewer nights in the hotel than do U.S. travelers overall.
- Similar to all U.S. travel, the largest share of sports event travelers come from and go to the South census region. Sports event travelers, however, are more likely than all U.S. travelers to originate from and travel to the Midwest census region.
- Sports event travelers are generally younger than total U.S. travelers are. They are also more likely to have children and be employed full-time.

Top Five Organized Sporting Events Included on Trips of 50 Miles or More[54]

(in the Past Five Years)

Type of Sport	*Number of Travelers*
Baseball/Softball	33.7 million
Football	30.3 million
Basketball	18.8 million
Auto/Truck Racing	15.0 million
Golf Tournament	11.1 million

Sports Medicine

According to Street & Smith's *Sports Business Journal* (December 20-26, 1999), annual expenditures for sports-related medical treatment are $4.1 billion, distributed as follows:

· Baseball: $1.45 billion
· Football: $1.16 billion
· Basketball: $759 million
· Soccer: $314 million
· Softball: $150 million
· Other: $267 million

Professors Richard J. Cebula and Willie J. Belton, Jr. (Georgia Institute of Technology) estimate the annual U.S. sports-related injury/malady expenditures are between $60 billion and $82 billion. This includes physician services, physical therapist services, nurse services, and services of other personnel. In addition, surgical and other procedures, treatment facilities, standard hospital facilities, and specialized equipment are involved.

There is an overwhelming need for sports medicine experts. Each year, approximately 650,000 people are admitted to hospitals after playing basketball. Bicycle accidents account for approximately 600,000 admissions to the emergency departments, and football accounts for nearly 400,000, according to the American Academy of Orthopedic Surgeons. Extreme sports have caused a new injury concern. According to Dr. Steven Anderson, chair of the American Academy of Pediatrics' task force on sports medicine, extreme sports have all the ingredients for a high injury rate.

Women In Sports

In 1970, only one out of every 27 high school girls played varsity sports. In 1997, one in three played. In 1972, less than $100,000 was spent nationwide on athletic scholarships for women. In 1997, it was $179 million. A *USA Today* analysis of 303 NCAA Division

I schools found 43,712 women participated in college sports, accounting for 37% of all athletes and representing increase of 22% since 1992.

Sports Supplements

The combined U.S. market for sports drinks, energy foods, and supplements is over $3 billion. Listed below are some of the manufacturers participating in this market that are located in Utah.

1) <u>Weider</u>

Weider Nutrition International is a leading producer and marketer of vitamins, nutritional supplements and sports nutrition products. The sports supplement manufactures its products in Salt Lake City, Utah. In 1999 Weider sold more than $300 million of products in 60,000 retail locations around the world.

2) Mega Pro International-St. George, Utah
3) Metaform Products-Salt Lake City, UT
4) NuSkin—Pharmanex Nutritionals
5) Nutraceutical International- Park City, UT

Fantasy Sports

Fantasy or ‘rotisserie’ sports began in 1980 with a group of fans that gathered at a Manhattan restaurant. Fantasy sports have grown from a kitchen-table pastime to one of the biggest spectator and participant sports in the United States. Chuck Esposito, Sportsbook manager at the Las Vegas Hilton, estimates fantasy sports (which covers football, baseball and basketball) is a $150 million to $500 million industry.

SPORTS ORGANIZATIONS

Because sports play such a large part of American life, sports are the de facto industry found in every city, town, or homestead in the United States. Sports are a part of every community—whether it is a little league baseball game with the local Boy Scout troop operating a concession stand to earn money for their troop or a million dollar sporting event that brings in spectators from all over the globe. As a result, those cities and states that establish organizations to facilitate the growth of sports will maximize the benefits this industry has to offer. Of course, it is important to remember that benefits are not all monetary. Among other things, sports improve the quality of life for everyone in the community.

Nearly every state in the nation has an organization with the mission of developing sports. In Utah, leaders of the state and local government, business sector, chambers of commerce, convention & visitor bureaus, venue owners such as the UAF and the Delta Center, and statewide universities cooperated in the development of the Utah Sports Commission. The Utah Sports Commission was created last year with the expressed purpose of writing and coordinating Utah's sports development efforts.

In our search to determine what role these entities should play in developing sports in the state of Utah, we examined other states that have been successful in facilitating the growth of the sports industry in their state. Specifically, we studied the Indiana Sports Corporation (ISC) since it is the industry leader. The following pages address specific things the ISC has done to promote sports in Indiana. Following this discussion, recommendations are made to assist the USC to better serve Utah. We focused on the USC because its role is similar to the ISC.

OLYMPIC SPORTS ORGANIZATIONS

The organizational structure surrounding Olympic sports is well defined. At the top of the pyramid is the International Olympic Committee (IOC). The IOC is an international non-governmental, non-profit organization and the creator of the Olympic Movement. The IOC exists to serve as an umbrella organization of the Olympic Movement. It owns all rights to the Olympic symbols, flag, motto, anthem and Olympic Games. Its primary responsibility is to supervise the organization of the summer and winter Olympic Games. The Olympic Movement consists of the IOC, the International Sports Federations (IFs), the 199 National Olympic Committees (NOCs), the Organizing Committees for the Olympic Games (OCOGs), national sports associations, clubs and those belonging to them, and, of course, the athletes. The Olympic Movement also includes other organizations and institutions that are recognized by the IOC.[55] Because of the structure of the above listed organizations, and those recognized by the IOC, they can be organized into two categories. The first category includes those that are organized to work toward the promotion of a specific sport. The second category includes those that are organized to promote sports within a specific geographical region.

In dealing with the IOC and all those organizations that that falls beneath it, it is important to remember that the primary concern of those at the top of the pyramid is the perpetuation of the Olympic Games, not the promotion of sports in general. While these organizations understand that they must support events other than the Olympic Games in order to ensure a sufficient number of athletes to hold future Olympic Games, it is not their primary charge to create sport at the state and local levels. This falls under the jurisdiction of the more decentralized agencies that are discussed below. For this reason, organizations such as the OCOGs will not be discussed in detail in the following paragraphs. OCOGs are concerned only with organizing Olympic Games.

One tier down from the IOC in the sports specific category (left-hand side of **Figure 8**) is the International Sports Federation (IFs). This group can be further broken down into three subcategories. The first of these subcategories is the International Olympic Summer Sports Federation, whose charge is to promote Olympic summer sports. The second of these subcategories is the International Olympic Winter Sports Federation whose charge is to promote Olympic winter sports. The last of these three subcategories consists of all international sports federations that represent sports that are not Olympic sports, but that are recognized by the IFs.[56] The goal of the International Federation is to promote sports in each of these three subcategories.

A little further down the food chain from the IFs is the National Governing Bodies (NGBs). Although NGBs are not under the control of the IOC or the IF's their goals are one and the same – the promotion of sports. The only major difference is that NGBs operate on a national level as opposed to an international level. It is also important to note that while there is only one organization for each sport at the IF level, there can exist one NGB for each sport in each nation.[57]

Looking now at the regional organization of Olympic sports throughout the world (right-hand side of **Figure 8** below) the organizations that operate directly under the IOC are the National Organizing Committees (NOCs). There are five existing NOCs that govern Olympic sports in geographically distinct parts of the world.[58] Below the NOCs are nation specific organizations. An example of one of these organizations is the United States Olympic Committee (USOC).[59]

At the bottom of the chain of Olympic sport organization are local clubs, state agencies, etc. It is at this level that a melding of the sport specific structure and the region specific structure occurs. At this level, organizations can be organized to promote general sports in a given region, specific sports in any region, or (as based on our observations) more commonly to promote a specific sport within a specific region.

This organizational structure provides volunteer managers for Olympic sports a chain of command to rely on when they need help. If they want help from an organization on a geographical basis they can go first to the OCOGs and second to the NOCs. If they want help from an organization on a sport specific basis they can first go to the NGBs and second to the IFs. If needs be, they can get support from the IOC. In addition to all of these resources, volunteer managers of Olympic Sports can also look to state and private institutions for support. While this method is very efficient for Olympic sports, the needs and support required by non-Olympic sports must not be overlooked.

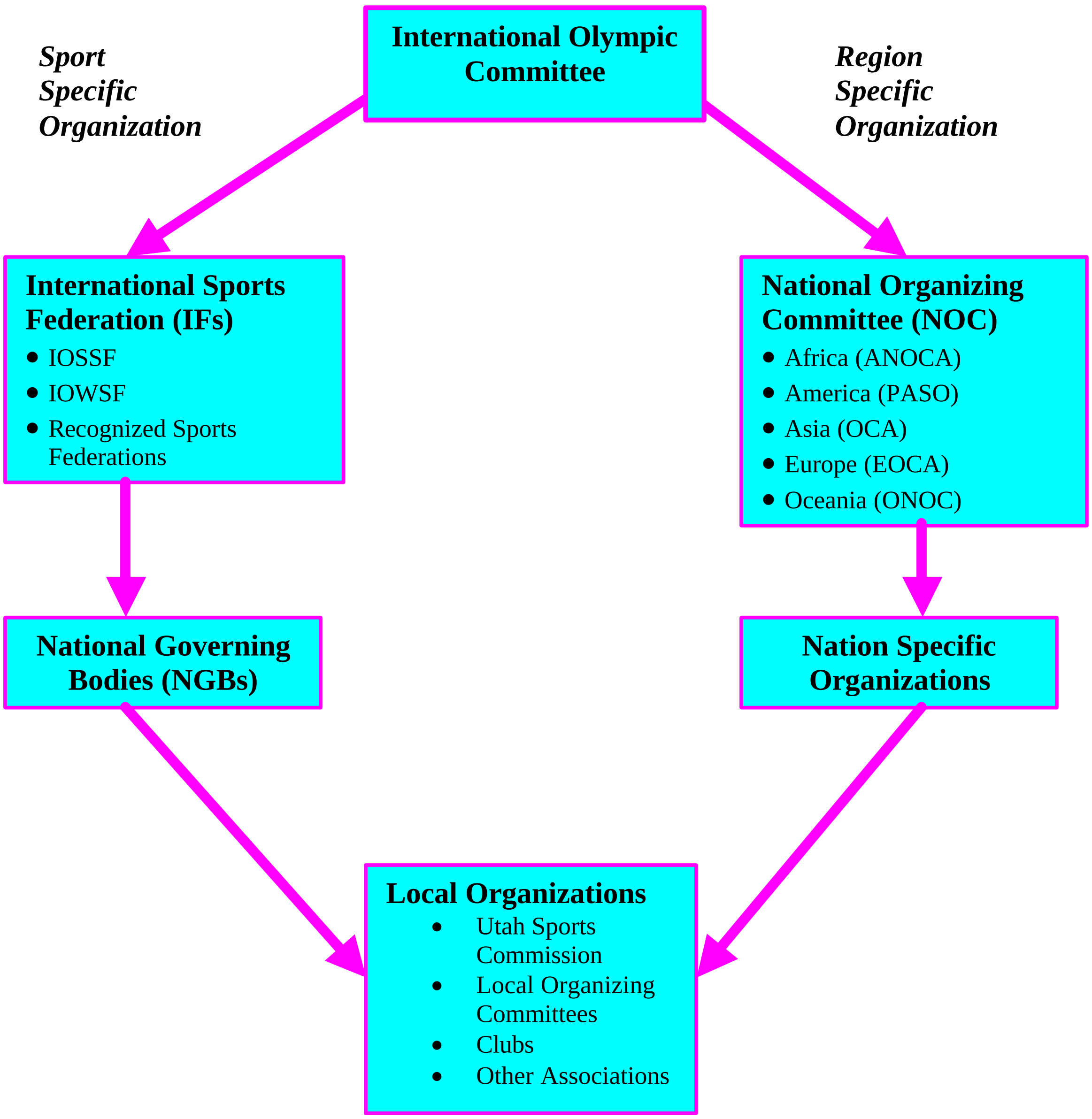
Volunteer managers and event organizers of sports not recognized by the IOC do not have a well-defined chain of command to tug when they need help or assistance. These groups in particular need extra support from organizations such as the USC, the UAF and the CVB. A win-win relationship would result, allowing the USC to achieve its mission of enhancing Utah's economy, image, and quality of life[60] and volunteer managers to get the assistance they so desperately need.

If the aforementioned Utah organizations team with these managers to attract, promote, develop and host sports events all those involved will benefit. For this reason we feel the USCs marketing and public relations plans, which are currently being implemented, are vital. While surveying the directors of local sports organizations we found that nearly

80% were unfamiliar with the USC and the various services they provide. The USC has many valuable contacts that could be an incredible help to the organizers of up and coming sports like paintball, mountain biking and wakeboarding if these organizers knew where they could receive additional support.

Figure 8

Chain of Command for Olympic Sports



UTAH & THE 2002 OLYMPICS

In February 2002, Utah will host the second largest sporting event in the world. The Winter Olympics is second in size only to the Summer Olympics. Utah will host Olympic events in five outdoor and five indoor venues, all located within 60 minute drive from downtown Salt Lake City. During the course of the Olympics hundreds of thousands of spectators will attend events while millions more tune in from their televisions at home as athletes from around the world contend for Olympic medals. Because of the enormous size of the Winter Olympic Games, organizers rely heavily upon both professional staff and volunteers.

UTAH OLYMPIC VOLUNTEERS

During the 2002 Winter Olympic Games 18,000 volunteers plus 3,500 athletes and officials form over 80 countries will participate in 70 medal events.[61] The names of all volunteers are housed in a database controlled by the Salt Lake Organizing Committee (SLOC). A living database of potential volunteers that could be frequently updated and employed by organizations looking to bid for future major sporting events within the state would be an invaluable resource.

The volunteer bases for large sporting events can be broken down into three smaller groups detailed below.

<u>Group 1</u>
The largest of these groups consists of all the volunteers for the specific event. These people are not necessarily interested in the success of the sport they are volunteering to help; they are more interested in being a part of the experience. For example, the majority of volunteers for the 2002 Winter Olympic Games are interested in being a part of the Olympics, not a part of any specific sporting event.

<u>Group 2</u>
The second largest of the groups is composed of enthusiasts that come and go from sports participation as life permits them to do so. This group consists largely of people who participate in sports on a recreational (and sometimes competitive) level. Because of their personal involvement with a specific sport, these people would like to see that sport succeed.

<u>Group 3</u>
The third group is the smallest and is made up of die-hard sport specific enthusiasts. There are usually only two or three individuals in a state that fall into this category. These people are sometimes referred to as volunteer managers for the sport they promote. This person is usually the one who works to coordinate hosting an event and organize the volunteer effort.[62]

The type of database that would be most valuable to the Utah sports community would include the last two of the three groups described above as well as contact information for event sponsors, venue operators, media contacts, industry contacts, officials etc. Since many local sports organizations are either non-profit or operate on limited funds the database should be provided as a non-fee based service.

Most event organizers do not have the same resources available to them that organizers of The College Football Classic (as mentioned above) enjoy. Volunteer sport managers must be aided in their search for volunteers, funding, and TV and media coverage. A database similar to the one described above would allow volunteer managers to avoid starting at ground zero with each event they host. Because there is often significant overlap in the sports community, this database would also allow sports to cross-pollinate and support one another.

In addition, to the help provided by the volunteer database, volunteer managers also need support in informing diverse organizations about the benefits they will receive for supporting a sporting event. For example, if a luge competition were to be held in Park City, the Park City Chamber of Commerce would be a target organization that should be approached for funding. Unless the Chamber clearly understands the economic and non-monetary benefits a luge event can provide for Park City—such as an increase in hotel occupancy, an increase in restaurant usage, etc.—they will be less susceptible to allocating funds for such an event. TV and media coverage can also be an additional perk to any contributing entity. In our example, Park City would receive international media exposure from TV and media coverage. When soliciting TV and media coverage it must be clearly explained to the media group that while there may not be a large viewer audience here in the U. S. (for some events), there are large markets outside the U.S. with high interest in coverage of national and international events held here. For example, media coverage of a luge event might not be a successful sell here in the United States, but it would be an easy sell in Germany.

As stated before, the Salt Lake Organizing Committee currently houses the Olympic database. There are two hurdles that we are aware of that must be cleared if the database is to be used by the state for any purpose. First, the list is the property of the IOC. Steve Clark, a member of SLOC, stated that the volunteer list is the property of the IOC and will be given to the IOC at the completion of the games. SLOC cannot give the list to any state agency because it is not SLOCs to give away. The second hurdle is everyone on the volunteer list signed up under a privacy agreement. Simply put, the privacy agreement stated that the information collected from volunteers and employees would not be shared.[63]

UTAH OLYMPIC VENUES

In preparation for the Olympics large amounts of money have been spent to ensure that adequate facilities are available at the commencement of the Games. To ensure that this money does not go to waste on a one-time deal, Utah has a plan that outlines what should be done to perpetuate the use of the Olympic facilities. A legacy fund of $40 million will be paid to the Utah Athletic Foundation (UAF) to be used in operating the Olympic facilities at the conclusion of the games.[64] The UAF's mission is to manage the legacy facilities and provide opportunity for young and old alike to participate, excel, and revel in the lifestyle of sport. Their primary charter is to own, maintain, and operate the Olympic Park and assist in the operations of the Olympic Oval.[65] The expense of such a charter is huge and therefore warrants the $40 million dollar price tag.

While this may seem like a sufficient amount of money to continue the operation of Olympic facilities, some members of the UAF do not agree. Other members of the UAF assert that if it is true that the $40 million is not sufficient to continue the operation of the facilities, Utah sports will suffer as a result and the UAF will be unable to comply with its mission statement. An example of such a problem is described in the following paragraph.

The Olympic Speed Skating Oval in Kearns is one of the facilities that will be maintained by the UAF. At the close of the Games, some individuals speculate that the oval will not generate enough revenue to cover yearly operating expenses for a number of years. This would require the UAF to use part of the $40 million endowment to cover these expenses. If the UAF is truly short on funds they will not be able to afford to stay in this situation for any extended length of time. Such extended involvement would require the UAF to use part of the principle $40 million dollar endowment fund to support the oval, ultimately resulting in its depletion and the depletion of yearly revenues generated from the funds interest. As a result the UAF would look to hand over operation of the oval to another entity at the earliest possible date. The UAF currently has the option to turn the oval over to the city of Kearns in 2003 or 2008. Because of the funding situation, the UAF would most likely give control of the Oval to the city of Kearns in 2003. The problem of absorbing the operating deficit then becomes that of public officials who govern the city of Kearns. The fact that the Oval will not turn a profit for many more years combined with the fact that the acts of elected officials tend to focus on short-term results (because of the shortsightedness of their public), the future of the Oval is shaky at best. It would be difficult for a public official elected to a two-year position to justify a budget deficit of 10 years. Ultimately, the worst-case scenario would be closure or selling the oval to a private entity that can better manage the long term budget planning it requires. Both of these options would be detrimental to the Utah sporting community.[66]

The size of the legacy fund must be reevaluated and plans must be made to ensure that the Olympic facilities remain in control of the public. During this reevaluation, we suggest that the size of the legacy fund for the Calgary Canada Olympic Park ($135 million Canadian dollars) and the size of the Lake Placid, NY endowment ($20 million annually which breaks down into $5 million in annual endowment and $15 million in generated revenues) be taken into consideration as indicators of the size of the needed funding.[67] Items such as general maintenance, utilities, replacement of facilities when they become outdated or no longer meet OSHA standards (i.e. luge track and its usage of liquid ammonia), bid fees, etc. must also be taken into consideration when deciding the size of the endowment fund. If it is decided that the fund is insufficient, it should be increased. If the fund is discovered to be sufficient, it should be left as is. Whatever the outcome of the study, a detailed plan should be developed to keep the Olympic venues in the hands of the public regardless of future financial difficulties.

In addition to the possible funding shortages for Olympic venues, there is also some general confusion about the role of the Utah Athletic Foundation (UAF) and the Utah Sports Commission (USC) in regard to interaction with National Governing Bodies (NGB) and the management of Olympic venues. The UAF works with the NGBs of the sports it hosts, just like other sports venues in Utah. The USC partners with all of the state's venues in all sports. Confusion still exists, however, as to the roles of each entity in regards to the NGBs. Unless these roles are clearly defined and the UAF and the USC work together to manage the overlap in their roles, confusion will result on the part of the NGBs and other organizing bodies. These groups may potentially encounter contradicting messages regarding who to contact for Utah sports events and will likely receive different information from each body.

INDIANA SPORTS CORPORATION

INDIANA SPORTS CORPORATION

The Indiana Sports Corporation (ISC) is the model organization for promoting sports within a state. Any group commissioned to promote sports on any level would be wise to follow their model.[68] They have been successful in hosting over 400 international and national events over the past 20 years.[69] In the following quote ISC describes how their success has been achieved.

> *"Indiana Sports Corporation has been winning the world over, one event at a time, since 1979. National Championships and U.S. Olympic Team Trials in numerous sports have taken place in Indianapolis, as well as World Championships in gymnastics, rowing and track and field. The event that put Indianapolis on the map, however, was the 1987 Pan American Games. Amateur Sporting events are often taken to a new level of excellence in Indianapolis through a unique combination of world-class facilities, talented volunteers and extensive event experience."*[70]

As a result of their efforts, Indianapolis is considered by many to be the sports Mecca of the United States. The following sections outline the Indiana Sports Corporation and spotlight some key programs that they have used to grow sports in Indiana. The efforts of the ISC contributed over $59.6 million in net economic impact (this figure has not been adjusted with an economic multiplier) in the year 2000 into the state economy.[71]

ISCs strategic plan is based on five pillars of action:

- Serving as advocate for locally based sports organizations
- Continuing to attract the type of sporting events that enhance the city's image
- Becoming more representative of central Indiana and its citizens
- Maximizing opportunities for youth

- Engaging and rewarding volunteers

In order to carryout these pillars of action, Indiana Sports Corporation relies on corporate and individual memberships, private contributions, event revenue and charitable grants as chief funding sources.[72]

To support its role of coordinating and marketing major amateur sporting events, Indiana Sports Corporation performs several event-related functions:

- Bid preparation and presentations
- Event management
- Ticket marketing promotions
- Publicity and public/media relations
- Corporate development (sponsorship)
- Souvenir program development
- Financial services[73]

To ensure that professional sports were not overlooked and were receiving the attention they needed, the Indiana Sports Corporation created a for-profit subsidiary, Sports Marketing of Indiana, Inc. (SMI) in 1988. Sports Marketing of Indiana assists professional sporting events in the same way that the Indiana Sports Corporation support amateur events on behalf of the community. SMI clients have included the PGA Championship at Crooked Stick Golf Club and the RCA Tennis Championships. Additionally, SMI has worked collaboratively with our city's four professional teams.[74]

YOUTH SPORTS PROMOTION

ISC also focuses on youth events in order to improve the quality of living in Indiana. Providing opportunities for our community’s youth is a key part of ISC’s mission. Many Indiana Sports Corporation events feature a youth component, varying from clinic participation to volunteer activities and spectator opportunities. “No constituency which ISC serves is more important than the youth of our city, and our commitment to youth charities has produced extraordinary results. We continually search for ways to include youth, especially those who might not become involved with out this extra effort.”[75]

ISC holds an annual fundraising event called the Youthlinks Indiana Celebrity Golf Tournament. Youthlinks Indiana, one of America's premier charity golf tournaments, takes place on five Indianapolis-area golf courses. Over the past 13 years, more than $3.8 million has been distributed through Youthlinks charities. The CHAMPS and Future Olympians grant programs are the primary recipients of Youthlinks funding, while additional youth-serving charities throughout the nation have been supported by Youthlinks.[76]

CHAMPS is a grant program that benefits not-for-profit youth serving agencies, congregations and schools who run youth sports programs (youth-serving agencies must be tax-exempt and show proof of tax-exempt status). These programs teach youth a sport or sport activity for the first time targeting underserved youth and teaching life-skills. CHAMPS criteria includes the following:

- Agencies/organizations and the constituents served, must be located within the designated counties. These counties included represent the Central Indiana target area and those where 2000 Youthlinks Indiana foursomes were purchased. (Eligible counties change on an annual basis based on Youthlinks each year.)
- CHAMPS encourages programs that expose youth to a sport or sport-related activity for the first time
- CHAMPS programs should target underserved youth
- CHAMPS encourages agencies/organizations to collaborate with other like groups
- CHAMPS programs must demonstrate how sports or sports-related activities teach or reinforce life-skills
- Children participating in CHAMPS programs must be between the ages of 3-18.
- Money requested must be designated for specific sports programs rather than general operating support
- CHAMPS funds programs that provide sequential opportunities for youth to develop skills. CHAMPS grants may not be used to underwrite events or provide scholarships for camps
- Funding for the first year of a program may be up to 50% of the program's total budget or a maximum of $5,000
- The same program may only be considered for funding a maximum of three years[77]

In addition to the Youthlinks' fundraiser, ISC holds the Pathfinder Awards, which annually recognizes individuals with a strong commitment to improving the lives of America's youth.[78]

VOLUNTEER BASE

As was stated in the opening quote, the ISC could not have obtained its leadership status without the help of talented volunteers. The ISC has stated that their volunteer base is perhaps their greatest competitive advantage. ISC officials believe other cities might be able to offer similar facilities and venues and even surpass the city in financial enticements. The one thing they cannot match, however, is Indianapolis' ability to attract the quality and quantity of volunteers that have made the city the standard-bearer in attracting and hosting more than 400 international and national events over the last 20 years.[79]

ISC is looking to increase the pool of talented and experienced volunteers by developing a rewards program for advancement. ISC also will begin a meaningful, public method of recognition to honor individual volunteers for their service to ISC. This year four individuals were recognized with the first Dona Schroeder Volunteer Award for service to ISC. Before passing away after a struggle with cancer in 1998, Schroeder gave countless hours to the organization, and was the epitomy of "a true volunteer." [80]

> "*Our most important asset when managing and organizing sporting events is our volunteers. Last year more than 5,000 people donated their time to sports in Indianapolis. For the World Police & Fire Games alone, we're recruiting more than 5,000 volunteers. With the upcoming world championships in basketball, gymnastics and swimming, the number of Hoosiers we need will only increase*."
>
> ISC President Dale Neuburger[81]

CLUSTERING

Indianapolis has attracted numerous sports organizations to relocate their headquarters in their city. In doing so, clustering of organizations has occurred. As one sports organizations relocates others are more inclined to follow. Additionally, the organizations that are headquartered in Indianapolis tend to bring some of their events close to home. Some of the organizations with headquarters in Indiana are:

- NCAA
- USA Rowing
- National Federation of State High School Associations

In May of 1998 the National Federation of High School Associations announced that it would move its headquarters to Indianapolis. The NCAA headquarters, which has been designed with future growth in mind, will house the NFHS for its first few years in Indianapolis.[82]

> "*We believe that by relocating to Indianapolis we can continue our ever-increasing relationship with the NCAA. Great progress has been made on many common issues including the initial eligibility clearinghouse, and we want that strong bond between the national organizations for college and high school athletics to continue. We appreciate the efforts of Cedric Dempsey and his staff for their assistance in this relocation project, as well as the leadership of Indiana Sports Corporation and the Indianapolis community*."
>
> Robert Kanaby, Executive Director of NFHS[83]

In June of this year the Black Coaches Association (BCA) announced that they would be relocating their national headquarters to Indianapolis sometime in the late summer of 2001. In addition to the relocation of the national headquarters for the 1,000-member organization, BCA officials also stated that they are in discussions about the possibilities of conducting their national convention on a regular basis in Indianapolis, as well as a preseason college basketball event.[84]

"This is a great opportunity for the BCA…Moving to Indianapolis represents what we're trying to do in terms of growing our organization. Additionally, Indianapolis understands college athletics and being around other athletic organizations can only help us serve our membership."

Bob Minnix, President of the BCA[85]

UTAH AND SPORTS ORGANIZATIONS

There are a number of organizations within the State of Utah that deal with event organizers on a regular basis. The mission statement of the three main organizations is provided below. After a brief description of each organization is a discussion of how the Utah Sports Commission compares to the Indiana Sports Corporation. The Utah Sports Commission was chosen because its role in Utah's sports industry is similar to that of the ISC. While there are many lessons that can be learned from the ISC, the discussion will be limited to the following areas in order to maintain a focus on the most critical issues—volunteers, supporting events, clustering, and the availability of funding.

UTAH SPORTS COMMISSION

The mission of the Utah Sports Commission is to enhance Utah's economy, image, and quality of life through the attraction, promotion, and development of national and international sports. Created by a coalition of industry, government, and sport leaders throughout the state to serve as Utah's umbrella sport organization, the Utah Sports Commission helps strengthen Utah's position in the sports marketplace.

The goals of the USC are:

1. Attract, host, and support sporting events and organizations throughout the State
2. Enhance Utah's domestic and international image through the promotion and development of a vibrant sports industry
3. Encourage and facilitate the development of sports education, facilities and opportunities for Utah youth and competitive athletes[86]

The range of services provided by the Utah Sports Commission are listed below…

<u>Coordinate Alliances</u>- " The Sports Commission coordinates strategic alliances that enable entities throughout the state to enhance and expand their efforts to attract, develop, and host sports events, programs, and organizations."

<u>Event Services</u>-"Over time, the Sports Commission will increasingly offer event

services ranging from assisting with the initial bid process to on-site logistics. The Sports Commission will work closely with members and partners on bid development, volunteer coordination, sponsor and event promotion, and other related services."

Youth Development- "The Utah Sports Commission facilitates the development of youth and competitive amateur sports programs by leveraging and coordinating resources among partner organizations throughout Utah."

The Strategic Plan of the Utah Sports Commission is to 1) develop Utah as a strong presence within the world wide sporting community, 2) develop and maintain an information database of existing venues, sports organizations and events, 3) facilitate the hosting of sporting events, 4) encourage key National Governing Bodies of sport to establish headquarters or satellite offices in Utah.

UTAH ATHLETIC FOUNDATION

As charged by the citizens of Utah, the Utah Athletic Foundation is Utah's "Olympic Legacy organization." Their primary charter is:

"To own, maintain, and operate the Winter Sports Park and assist in the operations of the Olympic Oval. The UAF will fundamentally operate in such a manner as to restrict invasion of the legacy endowment, and further, the UAF will inflation-proof this endowment in order to protect this resource for the citizens of Utah."

Their commitment to Utah's amateur sports community, as posted on their website, is as follows:

" *In perpetuity, the UAF shall provide leadership to Utah's winter sport community, create and promote opportunities for participation as the legacy facilities, foster the development of national and Utah athletes, and position Utah as the premier winter amateur sports center in the world, while preserving the ideal of the Olympic movement."*[87]

CONVENTION AND VISITORS BUREAU AND CHAMBERS OF COMMERCE

CVBs and Chambers are community organizations that promote their respective locations as travel and business destinations. These organizations provide support to and promote a variety of conventions, meetings, and business and tourism opportunities. A number of Utah's organizations recognize that the sports travel industry is an opportunity for growth and revenue, and have increased their focus on sports, through their own marketing efforts and participating in statewide sports initiatives.

VOLUNTEERS

Because of the importance of building and maintaining a volunteer database as discussed on page 87, this point was chosen to reemphasize the vital role that volunteers play in any sports community. The ISC says that their volunteers are their most important assets. If Utah is going to be as successful as Indiana it must also perceive volunteers as their greatest asset, and treat them as such. As with any company, assets must be tracked and recorded in a database so that they can be accessed in a moment's notice. In addition, reward programs that honor volunteers should be put in place on every level of the sports community throughout the state. Most volunteers are involved merely for the intrinsic enjoyment of being involved. However, recognition and extrinsic rewards should also be implemented.

SUPPORTING EVENTS

It has been our observation as we have spoken with amateur sports volunteer managers throughout the State of Utah that very few people are aware of the USC or what role it could play in aiding them. One in five of the people we contacted were familiar with the USC and even fewer were familiar with the services they provide. In order for the USC to have its full impact it must make its presence known. Immediate implementation of the Sports Commission's marketing and PR plan will hopefully address these concerns. Perhaps a summit could be held in which all sports representatives throughout the state are invited to attend. During the summit representatives would be introduced to the USC and their role in Utah sports. In addition to this summit, Sports Commission promotional materials should be mailed to all sports businesses, organizations, clubs, leagues, and venues throughout Utah. There are many events that small organizations bid on or attempt to organize each year that the USC may be unaware of that they could support in a variety of ways. Some of these events are successful in coming to the state and others are lost. It is our observation that if the USC were more involved with these individuals, the success rate associated with biding on and organizing of these events would increase. For example, greater involvement by the USC in the bid for a 2004 United States Judo Federation Tournament (see Judo Sports Profile), may have brought the event to Utah.

CLUSTERING

Utah is well known for its outdoor recreational activities. With a world-renown recreational landscape including the Wasatch Mountain Range, Lake Powell, and numerous ski slopes, Utah has a strong competitive advantage in the outdoor/recreational sports arena. The Outdoor Retailers Exhibition is already held in Utah every year. In addition, the national levels of participation in recreational sports are on the rise. Utah should capitalize on these strengths by promoting the clustering of Outdoor Sports and Recreational Organizations. With this in mind, organizations such as the American Ski Company (who is currently looking to relocate) should be actively pursued by the state.

The American Ski Company is the largest, most diverse mountain resort operator and developer in the United States today. They own and operate a portfolio of nine resorts with at least on resort in each major skiing market, including the Canyons in Park City, Utah.

FUNDING

A sports development fund has been appropriated by the Legislature for the Utah Sports Commission to oversee and administer. The USC is currently working to develop specific criteria in regards to the allocation of the fund. At this point the criteria are based around the following four points:

- The fund should be used to assist events that if not for assistance from the fund, the event would not happen here and would go to another state. This could be used for event attraction, event retention, and event re-active
- The fund should be utilized for events that meet significant economic impact
- The fund should provide Utah with significant image building opportunities
- The fund should be used to provide events that have a significant impact or support in a given local[88]

At an appropriate time, event organizers, especially volunteer managers of sports not yet recognized by the IOC, need to be educated about the funding that USC has available for sport development in Utah. After the USC has completely developed the criteria to be used in evaluating what organizations/events must satisfy in order to receive funding, it should be made public knowledge. The fund is a valuable marketing tool that should not be ignored. In addition, by establishing and publishing the criteria that the USC uses to distribute funds, the USC will stay clear of any allegations of unfair appropriation of funds. By making criteria public knowledge, everyone will gain a better understanding of the necessary qualifications for funding to promote their sport.

SPORTS EVENTS

The Olympic Games, World Cup Soccer, the Super Bowl, Collegiate Final Four, and large amateur national tournaments are just a few of the thousands of sporting events held each year around the world. The SGMA publishes a list of the 'hottest activities' based on its annual survey. The list for 2000 ranked the 'hottest' sports participation activities as follows:

- Soccer
- Exercise/fitness
- Golf
- Softball
- Baseball
- Basketball

- Fitness walking
- Snowboarding

EVENT MANAGEMENT

Millions of dollars are spent on hosting sporting events each year, many requiring large staff to manage them. Most events are either run by an organizing committee or an event management company. Overseeing an event is an enormous and challenging task. Event management includes executing the event all the way to full service management, including sponsorship sales and promotional campaigns. Event managers within companies like Women' Sports Services, International Management Group (IMG), SFX Entertainment and Mandalay Entertainment have overseen many events from concept to completion. This includes client services, marketing, sales, sponsorships, and audio/video production. Events such as the Tostitos Fiesta Bowl, The College Football Classic, a Senior PGA golf tournament, Girls Sports X-travaganza, U.S. Figure Skating Championships, or the NCAA Women's College World Series have an existing staff that manages the event. The event staff usually includes directors and officers like; Executive Director, Marketing Director, Public Relations Director, Sales Managers, Director of Operations and Client Services Coordinator. Each has a role in implementing and overseeing the event. For example, the Sales Manager might work with companies to secure advertising and promotional campaigns for the event, while the Client Services Coordinator coordinates needs of existing advertisers.

THE GOODWILL GAMES

Through the efforts of the Utah Sports Commission in partnering with CVBs, venue owners, and community leaders, Utah is currently working to secure the bid to host the 2003 Goodwill Games. General information in regards to the Goodwill Games is provided below.

AOL Time Warner Vice Chairman R.E. Turner founded the Goodwill Games in 1986 to ensure that the world's best athletes have the opportunity to compete in world-class competition. The Goodwill Games invites athletes based on rankings and performances in major international competitions including Olympic Games and World Championships. In both the winter and summer formats, competitors battle for their share of a substantial prize and performance purse.

Since their inception, there have been four Goodwill Games: Moscow, Soviet Union (1986); Seattle, Washington (1990); St. Petersburg, Russia (1994) and New York, New York (1998). Previous Goodwill Games have alternated between the U.S. and Russia; however, future Games will be staged around the world in both winter and summer formats. Goodwill Games, Inc., is preparing for the 2001 Goodwill Games in Brisbane, Australia and the 2005 Winter Goodwill Games in Calgary, Alberta, Canada.

Goodwill Games, Inc., is a division of Turner Sports, the sports programming and production business unit of Turner Broadcasting System. TNT (Turner Network Television) is the host network for the event.

The 2001 Goodwill Games in Brisbane represent the first time that the Games will be held outside the United States or Russia. The competition calendar features 14 sports events over 12 days (August 29-September 9). Competitors will by vying for their share of millions in prize money, performance incentives and world record bonuses.

While originally a summer event, the Games introduced a new franchise, the Winter Goodwill Games, in February 2000. The 2000 Winter Goodwill Games in historic Lake Placid, NY, were the first winter edition of the event. The program included 11 winter sports: alpine skiing, bobsled, cross country skiing, figure skating, freestyle skiing, luge, nordic combined, short track speed skating, skeleton, ski jumping and snowboarding. Athletes competed for a substantial prize purse in Lake Placid. Locally, the Games worked with the Olympic Regional Development Authority (ORDA). ORDA manages the facilities used during the 1980 Olympic Winter Games at Lake Placid. TNT, the Games host network, televised 16 hours of exclusive coverage of the event.

The first three games in 1986, 1990, and 1994, lost a cumulative \$109 million. The 1998 games held in New York City cost between \$150 million and \$200 million to produce, and were estimated to have lost less than \$25 million in New York. According to Mr. Turner, “It’s dumb to focus on the profitability of the games. The main thing is the event. Time Warner is a big company. It’s no big deal if it loses a little money.”[89]

EXTREME SPORTS

Extreme sports include established activities such as skiing, skateboarding, and surfing, but usually taken to a higher level of action. Skiers may use different equipment, snowboards, for example, and seek out ungroomed slopes and backcountry terrain. Skateboarders abandon urban sidewalks for off-road courses. Surfers use wakeboards to surf behind boats or to take advantage of shoreline inappropriate for traditional big wave surfing. Other examples of extreme activities include cave diving, night diving, acrobatic skydiving, and ice climbing.

Extreme sports led sport growth over the last few years, according to the National Sporting Goods Association (NSGA). Inline skating, as well as roller hockey and snowboarding, more than doubled their participation since 1993. Inline skating participation rose to 27.0 million in 1998, up 118% in five years; roller hockey increased to 3.1 million, up 106%; and snowboarding rose to 3.6 million, up 102%. Mountain biking (off-road), also considered an x-sport, rose 87% to 8.6 million participants. A study by Teenage Research Unlimited revealed boys age 12 to 15 are more interested in extreme sports than professional baseball.

The latest trend in adventure sports is multiple-sport and multiple-skill events. Hybrid competitions are attracting athletes, sponsors and TV viewers, from simple mountain bike and trail-running duelathlons to sophisticated 300-mile adventure races that require expertise in mountaineering, kayaking, orienteering, cycling and horseback riding. Adventure athletes like the multi-sport format because it gives them more opportunities to compete. Television likes it because the constantly changing action keeps viewers' eyes on the screen and itchy fingers off the remote control. Sponsors like it because crossover crowds give their marketing nets a wider cast without clutter from competing companies.

THE X GAMES

The X Games, an ESPN sports festival, were held for the seventh consecutive year in 2000. The X Games '00 offered over $1 million in prize money. The event was telecast on ESPN, ESPN2 and ABC. The Winter X Games debuted in 1997. Commercialization has been growing with each event. Big marketers like Pepsi-Cola have borrowed the rebellious image of extreme sports.

The Summer and Winter X Games combined have a budget of just $15 million, a tiny sum compared with Disney's agreement with the NFL that will cost the networks $1.15 billion a year to show Sunday and Monday night games. Yet, *USA Today* estimates the X Games will probably turn a bigger profit for Disney than its NFL telecasts!

Exposure at the X Games is important because its TV audience is mostly 12- to 24-year-old males, the most coveted demographic group for sporting goods. Big-money sponsors like Nike, AT&T, Mountain Dew, Pringles, Taco Bell, and Volkswagon are locked in for future games.

In an interview with *U.S. News & World Repor*t, Prof. Frank Farley of Temple University, predicted extreme sports to become the major spectator and participant sport of the 21st century. Baseball will become a minor sport. Sports that involve speed, variety, and change will replace it.

> "Extreme sports will become the major spectator and participant sport of the 21st century."
>
> --Professor Frank Farley
> Temple University

Beyond the X Games, there are signs that extreme sports are beginning to become part of the contemporary entertainment scene. The MTV Sports and Music Festival, for example, features top skateboarders, snowboarders, BMX bikers and inline skaters along with music concerts.

The Winter X- Games offer extensive media coverage and offer the opportunity for Utah to capitalize on the experience and exposure the state gained through the 2002 Winter Olympics. Efforts to secure Utah as the host city for future Winter X-Games could produce substantial economic and image impacting results and should be strongly pursued.

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